Audit and Assurance Committee Handbook

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Foreword

An effective Audit and Assurance Committee* is essential to a strong corporate governance culture within public and private sector organisations.

The role is a challenging one and needs strong, independent members with an appropriate range of skills and experience. It will benefit from a strong collaborative relationship with the organisation to ensure that the committee gets the support and information that it needs. The committee will also need to act as the conscience of the organisation. This means providing insight and strong constructive challenge where required, such as on risks arising from fiscal and resource constraints, cyber-attack and transformation programmes. It also means challenging the agility of the organisation to respond to emerging risks.

This revision of the Handbook** sets out the fundamental principles with explanatory good practice notes, relating to the role, membership and work of Audit and Assurance Committees in those organisations to which the Scottish Public Finance Manual is directly applicable. This includes the core Scottish Government and bodies sponsored by the Scottish Government such as Executive Agencies, Non Ministerial Departments, Non Departmental Public Bodies and Other Significant Bodies.

The Handbook emphasises the sources of assurance available to Audit and Assurance Committees in addition to internal and external audit. We encourage all organisations within the Scottish Government family to define their assurance needs, map their various sources of assurance and develop an integrated approach to assurance which will secure best value for the public purse and embed best practice principles within their organisation.

A degree of flexibility, pragmatism and proportionality will be needed in applying the guidance in this Handbook to individual organisations. For example, the use of the term “Board” referred to in chapter 4 should be interpreted in the context of the “On Board” Guidance (March 2017), which defines the differences between Statutory and Management Advisory Boards. Subject to these caveats, any significant non-compliance with the principles in this Handbook should be explained and reported in the annual Governance Statement.

We commend this Handbook to you.

Leslie Evans	Alyson Stafford
Permanent Secretary	Director General Scottish Exchequer

* Alternatively referred to as the Audit Committee / Audit and Risk Committee / Audit and Risk Assurance Committee. For the purposes of this Handbook-the term Audit and Assurance Committee will be used in a generic context.

**The *Scottish Government Audit and Assurance Committee Handbook* draws on, and is consistent with, generally accepted principles concerning corporate governance and the role of audit and assurance committees. Relevant source publications include:

- HM Treasury: Audit and Risk Assurance Committee Handbook (March 2016)
- HM Treasury: Corporate Governance in Central Government Departments: Code of Good Practice (July 2011)
- OPM and CIPFA: Good Governance Standard for Public Services (2005)
- Financial Reporting Council: The UK Corporate Governance Code (April 2016)
- Scottish Public Finance Manual
- On Board: A Guide for Members of Statutory Boards in Scotland (March 2017)
- On Board: A Guide for Members of Management Advisory Boards (March 2017)

Glossary of Terms

AO	Accountable Officer
CoA	Certificates of Assurance
DG	Director General
IAD	Internal Audit Directorate
NDPB	Non Departmental Public Body
NMD	Non Ministerial Department
NXD	Non-Executive Director
OCIO	Office of the Chief Information Officer
PSIAS	Public Sector Internal Audit Standards
SG	Scottish Government
SGAAC	Scottish Government Audit and Assurance Committee
SPCD	Scottish Procurement and Commercial Directorate
3LA	Three Lines of Assurance

Chapter 1: Good Practice Principles for Audit and Assurance Committees

Principle 1: Membership, independence, objectivity and understanding

The committee should be independent and objective; in addition, each member should have a good understanding of the objectives and priorities of the organisation and of their role as a committee member.

Principle 2: Skills

The committee should corporately own an appropriate skills mix to allow it to carry out its overall function.

Principle 3: Role and Scope

The committee should support the Accountable Officer and Board by reviewing the comprehensiveness and reliability of assurances on governance, risk management, the control environment and the integrity of financial statements and the annual report.

The scope of the committee's work should be defined in its terms of reference and should encompass all the assurance needs of the Accountable Officer and Board. Within this, the committee should have particular engagement with the work of Internal Audit, risk management, the External Auditor, and financial management and reporting issues.

Principle 4: Communication and Reporting

The committee should ensure that it has effective communication with all key stakeholders, for example, the Board, the Head of Internal Audit, the External Auditor and other relevant assurance providers e.g. Risk Manager. In addition, the role of the Chair and provision of appropriate secretariat support are important elements in achieving committee effectiveness. Good practice guidance on these roles is provided, respectively, in **Annex A** and **Annex B**.

Chapter 2: Membership, Independence, Objectivity and Understanding

Independence

2.1 An effective Audit and Assurance Committee must have members who are both independent and objective. The Accountable Officer and Board should be supported by an Audit and Assurance Committee with no executive responsibilities, comprising of at least three members. The Chair should be a Non-Executive Member (NEBM) [sometimes called a Non-Executive Director (NXD)] with relevant experience. There should be at least one other NEBM/NXD on the committee; when there are insufficient NEBMs/NXDs to form the committee, independent external members will need to be appointed. The committee may also need to seek further independent, non-executive membership from sources other than the Board in order to ensure an appropriate level of skills and experience. These members are appointed to the Audit and Assurance Committee but not to the Board and the independence of the committee from an executive function should be its guiding ethos. In order to operate in an independent and competent manner, the committee should possess the requisite knowledge and skills to effectively engage with and challenge the organisation (see Chapter 4: Role and Scope).

Relationship with the Executive of the organisation

2.2 Executive members of the organisation should not be appointed to the Audit and Assurance Committee. The role of the executive managers is to attend, to provide information, and to participate in discussions, either for the whole duration of a meeting or for particular items.

2.3 The Accountable Officer and the Finance Director should routinely attend the Audit and Assurance Committee. It is also normal for the Head of Internal Audit and a representative of the External Auditor to attend. However, the strategic internal audit terms of reference, which forms the basis of the relationship between the body and internal audit, should also provide for the Audit and Assurance Committee to sit

privately without any non-members present for all or part of a meeting if they so wish.

2.4 It is also good practice for the Chair of the Audit and Assurance Committee to meet the Accountable Officer, the Finance Director, the Head of Internal Audit and the External Auditor's senior representative outside of the formal committee structure (see Chapter 5: Communication and Reporting).

Other participants

2.5 It is also common for representatives of sponsoring or sponsored bodies to attend Audit and Assurance Committee meetings (for example, a member of the core Scottish Government may attend the Audit and Assurance Committee of one of its Executive Agencies or bodies). However, such representatives should not be appointed as members of the committee.

Conflicts of interest

2.6 Normally the process for recording declarations of conflicts of interests in the Audit and Assurance Committee should mirror the processes used at Board level. Each member of the committee should take personal responsibility to declare pro-actively any potential conflict of interest arising out of business on the committee's agenda or from changes in the member's personal circumstances. The Chair should then determine an appropriate course of action with the member. For example, the member might simply be asked to leave while a particular item of business is taken; or in more extreme cases the member could be asked to leave the committee. If it is the Chair who has a conflict of interest, the Board or Accountable Officer should ask another member of the committee to lead in determining the appropriate course of action. A key factor in determining the course of action will be the likely duration of the conflict of interest: a conflict likely to endure for a long time is more likely to suggest that the member should leave.

Terms of appointment

2.7 All members of the Audit and Assurance Committee should have a clear understanding of:

- what is expected of them in their role, including time commitments;
- how their individual performance will be appraised, including a clear understanding of what would be regarded as unsatisfactory performance and the criteria which would indicate the termination of Audit and Assurance Committee membership should be considered;
- the duration of their appointment and how often it may be renewed; and
- training required and how this will be provided.

2.8 The terms of appointment of an Audit and Assurance Committee member should be clearly set out at the time of appointment. A model letter of appointment is set out at **Annex C**. The letter should also specify what other activities the individual may or may not undertake in relation to the organisation. The impact on independence of any remuneration from other activities should be given careful consideration.

Chapter 3: Skills

The committee should corporately own an appropriate skills mix to allow it to carry out its overall function.

Range of skills

3.1 The committee is charged with ensuring that the Board and Accountable Officer of the organisation gain the assurance they need on risk management, governance and internal control. So, it needs a range of skills and experience relevant to various aspects of risk, governance and control. A competency framework for an Audit and Assurance Committee is at **Annex G**.

3.2 Because of the importance of financial management and financial reporting to every organisation, at least one member of the committee should have recent and relevant financial experience. This experience should be sufficient to allow them to engage competently with financial management and reporting in the organisation, and associated assurances.

3.3 The committee should identify, and agree with the Board and Accountable Officer, the other skills required for committee effectiveness. These identified skills should inform the choice of members of the committee. The required skills set should be periodically reviewed.

3.4 Although Audit and Assurance Committee members are recruited for their individual skills, it is vital that they are able to work collaboratively.

Additional skills

3.5 The committee should be empowered to either:

- co-opt members for a period of time (not exceeding a year, and with the approval of the Board and/or Accountable Officer) to provide specialist skills, knowledge and experience that the committee needs at a particular time; (Co-opted members may be remunerated at an appropriate rate for the time and effort they are expected to contribute); or

- procure specialist advice at the expense of the organisation on an ad-hoc basis in order to support in relation to particular committee business. Budgets for such procurement should be approved by the Board and/or Accountable Officer.

Training and development

3.6 All committee members, whatever their status or background, will have training and development needs. Those who have recently joined the Audit and Assurance Committee will need induction training, either to help them understand their role; or if they have Audit and Assurance Committee experience elsewhere, to help them understand the organisation. In particular, those joining a public sector Audit and Assurance Committee for the first time will need training to help them understand public sector standards, especially those relating to governance and accountability and internal audit (PSIAS).

3.7 The Chair should, in addition, ensure that all committee members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs, priorities and risk profile. Consideration should be given to underpinning such programmes with training and/or learning plans.

Chapter 4: Role and Scope

Supporting the Board and Accountable Officer

4.1 Accountable Officers and Boards have many issues competing for their attention. One of the challenges they face is knowing whether they are giving their attention to the right issues. Key to addressing this is assurance, defined as: “an evaluated opinion, based on evidence gained from review, on the organisation’s governance, risk management and internal control framework”

4.2 Assurance draws attention to the aspects of risk management, governance and control that are functioning effectively and, just as importantly, the aspects which need to be given attention to improve them. An effective risk management framework and a risk-based approach to assurance helps an Accountable Officer and Board to judge whether or not its agenda is focussing on the issues that are most significant to achieving the organisation’s objectives and whether best use of resources is being made. The Audit and Assurance Committee can help the Accountable Officer and Board to formulate their assurance needs, and then consider how well assurance received actually meets these needs by gauging the extent to which assurance on risk management is comprehensive and reliable. Assurance cannot be absolute so the committee will need to know that the organisation is making effective use of the finite assurance mechanisms at its disposal, targeting areas of greatest risk. This can include carrying out a ‘Deep Dive’ exercise of risks that the committee determine are key threats to the organisation.

4.3 Formulation of the specific assurance need is key to determining the resource that needs to be dedicated to delivery of assurance in the organisation. Key elements include:

- the strategic outcomes and objectives which the organisation is charged to deliver, and the associated risks and control mechanisms;
- the sources of assurance available; and
- the level of confidence required in assurances, including the extent to which the range of assurance providers can be relied on by Internal Audit in

delivering its overall opinion on risk, control and governance in accordance with the Public Sector Internal Audit Standards.

4.4 A well designed assurance framework will help. At its simplest, this will identify all the key sources of assurance in the organisation and seeks to orchestrate them to best effect. This can help to ensure that gaps are reduced or eliminated and unnecessary duplication avoided. A conceptual model that is often used to help to categorise the various sources of assurance is the 'three lines of assurance'. By defining the sources of assurance in three broad categories, it helps to understand how the type and nature of the mechanisms can contribute to the bigger assurance picture:

- First line: management assurance from "front line" or business operational areas;
- Second line: oversight of management activity, including effective management information, separate from those responsible for delivery, but not independent of the organisation's management chain; and
- Third line: independent and more objective assurance, including the role of Internal Audit and from external bodies (e.g. accreditation and Gateway reviews). Further detail of the role of Internal Audit is provided later in this chapter.

4.5 An understanding of the three lines of assurance can help the Audit and Assurance Committee to play a key role in helping the Accountable Officer and Board establish an optimum mix of assurance. For example, management and oversight assurance activities can be harnessed to provide coverage of routine operations, with Internal Audit activity more effectively targeted at riskier or more complex areas. As well as strengthening assurance arrangements, this helps the Audit and Assurance Committee to demonstrate added value to the organisation. Advice on developing assurance frameworks is available in the Treasury Assurance Framework Guidance document.

4.6 The overall provision of assurances to the Accountable Officer and Board should be reviewed by the Audit and Assurance Committee, which should constructively challenge:

- whether the nature and scope of the assurance providers' activity meets the Accountable Officer's and Board's assurance needs;
- the credibility and independence of each provider; and
- where appropriate, the actual assurances to test that sufficient reliable evidence and that conclusions are reasonable in the context of the evidence.

The committee should also be proactive in commissioning assurance work from appropriate sources if it identifies any significant risk, governance and control issues which are not being subjected to sufficient review, and in seeking assurance on weaknesses identified by reviews are actually remedied by management.

A "prompt" list of questions for Audit and Risk Assurance Committees to ask is provided at **Annex F**.

4.7 The overall committee view may draw attention to areas where:

- risk is being appropriately managed (no action needed);
- risk is inadequately controlled (action needed to improve control);
- risk is over controlled (resource being wasted which could be diverted to other use); and/or
- there is lack of evidence to support a conclusion. If this concerns areas material to the organisation's operations more assurance work may be needed, subject to an assessment of costs and benefits.

4.8 Assurance should be obtained on risks across the organisation. The governance structure of the departmental family/group will therefore need to ensure that there is effective communication on risks and control to ensure appropriate visibility of and timely action on such matters as well as to feed into the annual Governance Statement.

4.9 Similarly assurance on the risk and control environment should also encompass services outsourced to external providers, including shared service arrangements, so that all key elements of the organisation are considered as parts of the wider organisation and business function.

4.10 It is also good practice to have reasonable oversight of risks that cross organisational boundaries, for example, in major projects. This could include a Chairs of Audit and Assurance Committee Forum. Any such forum should focus on assurances on cross organisational governance, risk and control arrangements.

Internal and external audit

4.11 For any government organisation there will always be two significant sources of independent and objective assurance: Internal Audit and External Audit.

4.12 The work of Internal Audit is carried out primarily for the benefit of the Accountable Officer and Board/Executive of the organisation and is likely to be the single most significant resource used by the committee in discharging its responsibilities. This is because the Head of Internal Audit, in accordance with the Public Sector Internal Audit Standards, has a responsibility to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes. There is consequently a major synergy between the purpose of the Head of Internal Audit and the role of the Audit and Assurance Committee.

4.13 In central government, the Auditor General is responsible for securing the external audit of most public sector bodies in Scotland and reporting on their financial health and performance. Audit work is carried out by Audit Scotland staff and appointed auditors including private firms. This includes the audits of financial statements as well as performance and Best Value audits. All external auditors appointed by the Auditor General are required to follow the Code of Audit Practice which outlines their responsibilities. Once appointed, auditors act independently in carrying out their responsibilities and in exercising professional judgement.

4.14 The role of the Audit and Assurance Committee in relation to Internal Audit should include advising the Accounting Officer and Board on:

- the Internal Audit strategy and periodic Internal Audit plans, forming a view on how well they reflect the organisation's risk exposure and support the Head of Internal Audit's responsibility to provide an annual opinion;
- the adequacy of the resources available to Internal Audit;
- the Internal Audit charter/terms of reference for Internal Audit;
- the results of Internal Audit work, including reports on the effectiveness of systems for governance, risk management and control, and management responses to issues raised;
- the annual Internal Audit opinion and annual report; and
- the performance of Internal Audit, including conformance with the applicable standards, expected performance measures, and the results of both internal and external quality assessments.

4.15 Auditor responsibilities are derived from statute, the Code of Audit Practice, International Standards on Auditing (UK and Ireland) and professional requirements. These include:

- undertaking statutory duties, and complying with professional engagement and ethical standards
- providing an opinion on audited bodies' financial statements and, where appropriate, the regularity of transactions
- reviewing and reporting on, as appropriate, other information such as annual governance statements, management commentaries and remuneration reports
- notifying the Auditor General when circumstances indicate that a statutory report may be required.

4.16 The Code of Audit Practice defines a wider scope for public audit that goes beyond the financial statements. This includes work that contributes to audit judgements and conclusions on the appropriateness, effectiveness and impact of corporate governance, performance management arrangements and financial sustainability. External auditors will report annually to those charged with

governance on the results of their work covering both the financial statements and wider scope audit work. Audited annual financial statements including the independent auditors' reports, and reports by the Auditor General are sent to Scottish ministers to be laid before the Scottish Parliament.

4.17 It is important that the Audit and Assurance Committee engages regularly with external audit. The committee should consider the results of external audit work and the proposed actions against audit recommendations. The committee should also consider planned external audit activity and enquire about the level of coordination and engagement between internal and external audit to ensure there is no unnecessary duplication of audit work.

Governance

4.18 It is essential that the committee understands how governance arrangements support achievement of the organisation's strategies and objectives, especially:

- the organisation's vision and purpose;
- mechanisms to ensure effective organisational accountability, performance and risk management;
- role definitions, committee and other structures to support effective discharge of responsibilities, decision making and reporting;
- promotion of appropriate ethics and values within the organisation;
- communication of management information, including on risk and control among the board and to appropriate areas of the organisation; and
- relations with ALBs including reporting functions to relevant AACs and Scottish Government.

Risk management and the control environment

4.19 It is also essential that the committee:

- understands the organisation's business strategy, operating environment and the associated risks, taking into account all key elements of the organisation as parts of an "Extended Enterprise";
- understands, where applicable, the role and activities of the Board (or equivalent senior governance/advisory body) in relation to managing risk;
- discusses with the Board its policies, attitude to and appetite for risk to ensure these are appropriately defined and communicated so management operates within these parameters;
- understands the framework for risk assessment, management and assurance and the assignment of responsibilities;
- critically challenges and reviews the risk management and assurance framework, without second guessing management, to provide assurance that the arrangements are actively working in the organisations; and
- critically challenges and reviews the adequacy and effectiveness of control processes in responding to risks within the organisation's governance, operations, compliance and information systems.

Financial management and reporting

4.20 The committee should consider significant accounting policies, any changes to them and any significant estimates and judgements, if possible before the start of the financial year. It should also review the clarity and completeness of disclosures in the year-end financial statements and consider whether the disclosures made are set properly in context.

4.21 The committee will not itself be able to review the accounts in detail in order to advise the Accounting Officer whether they are true and fair. Ideally, the committee should expect a comprehensive overview of the financial statements by the Finance Director, including comparisons with the prior year and current year budget, and an

explanation for any issues arising. In reaching a view on the accounts, the committee should consider:

- key accounting policies and disclosures;
- assurances about the financial systems which provide the figures for the accounts;
- the quality of the control arrangements over the preparation of the accounts;
- key judgements made in preparing the accounts;
- any disputes arising between those preparing the accounts and the auditors; and
- reports, advice and findings from external audit (especially the Audit Completion Report – ISA 260 Report).

Terms of reference

4.22 The committee's terms of reference should be agreed by the Accountable Officer/Board and made publicly available (including on the organisation's website). It is important that a balance is struck during meetings between corporate governance, risk management, control and financial reporting items. The terms of reference should be reviewed annually alongside the performance of the committee. Model terms of reference are suggested at **Annex D**. A suggested self-assessment checklist is provided at **Annex H**.

4.23 The responsibilities assigned to the committee should not provide any conflict with the guidance in this handbook, in particular by compromising independence. The committee should not have any executive responsibilities or be charged with making or endorsing any decisions, although it may draw attention to strengths and weaknesses in control and make suggestions for how such weaknesses might be dealt with. The overarching purpose of the committee is to advise the Accountable Officer and Board; it is then the Accountable Officer and Board that make the relevant decisions.

4.24 The committee should have appropriate authority to require any member of the organisation to report on the management of risk or on the control environment within their areas of responsibility, in general terms or in respect of specific issues, either by:

- attending a committee meeting; or
- providing written report(s) to the committee to help the committee in fulfilling its role.

4.25 The Accountable Officer and Board need adequate and timely feedback on the work of the committee in order to consider its contributions formally. A schedule of the committee's agreed delegations from the Board, and the mechanisms for feedback and assurance, should be formally documented.

4.26 To fulfil their role, most committees will need to meet at least four times a year. A model "core programme" of work for a Committee meeting four times a year is provided at **Annex E**.

4.27 The committee will require access to funding to cover the costs incurred in fulfilling its role. The funding should be sufficient to:

- meet any remuneration and working expenses of its members (where applicable);
- meet the relevant training needs of its members;
- provide specialist (external) advice or opinions when required; and
- (as agreed with the organisation) provide external review of the effectiveness of the committee.

Chapter 5: Communication and Reporting

Communication between the Committee and the Board

5.1 The work of the Audit and Assurance Committee needs to be effectively communicated. After each meeting of the committee a report should be prepared for the Accounting Officer and Board to:

- summarise the business taken by the committee, explaining if necessary why that business was regarded as important; and
- offer the views of, and advice from, the committee on issues which they consider the Accounting Officer and Board should take action on.

5.2 If the minutes of the committee meeting are used as the report, care should be taken in their presentation to highlight the advice being provided. These reports should be copied to the Head of Internal Audit and the External Auditor (especially if the report contains advice about or to the auditors).

Improving relationships

5.3 It is important for the committee to have good relationships and communication with those it seeks briefings from, and those it provides assurance to. This ensures that it is effectively engaged with the organisation and able to fulfil its function. This should include where risks cross organisational boundaries, for example, in major projects.

Annual reports

5.4 The committee should provide an Annual Report, timed to support the preparation of the Governance Statement. This internal report needs to be open and honest in presenting the committee's views if it is to be of real benefit to the Accountable Officer and Board. This report is likely to be used by the Accountable Officer and Board in preparing their own report for publication in fulfilment of the reporting requirements of the Scottish Administration.

5.5 The Annual Report should summarise the committee's work for the year past, and present its opinion about:

- the effectiveness of governance, risk management and control;
- the comprehensiveness of assurances in meeting the Accountable Officer's and Board's needs;
- the reliability and integrity of these assurances;
- whether the assurance available is sufficient to support the Accountable Officer and Board in their decision taking and their accountability obligations;
- the implications of these assurances for the overall management of risk;
- any issues the committee considers pertinent to the Governance Statement and any long term issues the committee thinks the Accounting Officer and/or Board should give attention to;
- financial reporting for the year;
- the quality of both Internal and External Audit and their approach to their responsibilities; and
- the committee's view of its own effectiveness, including advice on ways in which it considers it needs to be strengthened or developed.

5.6 The Audit and Assurance Committee's report should take into account any other relevant assurance reports.

Bilateral communications

5.7 There should be mutual rights of access between the Chair of the Audit and Assurance Committee, the Accountable Officer, Head of Internal Audit and the External Auditor. Periodic discussions outside of the formal meeting help to ensure that expectations are managed and that there is mutual understanding of current risks and issues.

Annex A: The role of the Chair: good practice

A.1 Role of Chair

The role goes beyond chairing meetings and is key to achieving committee effectiveness. Key activities in addition to committee meetings should include the following.

- Before each meeting the Chair and the Committee Secretary should meet to discuss and agree the business for the meeting. The Chair should take ownership of, and have final say in, the decisions about what business will be pursued at any particular meeting.
- Meeting time should be optimised by making sure that all agenda papers are issued in good time and then having each paper summarised outlining the key points, cross referred to the organisational business and risk agenda and stating what action the committee is required to take.
- The Chair should ensure that after each meeting appropriate reports are prepared from the committee to the Accountable Officer and Board. An annual report to the Accountable Officer and Board should also be provided.
- The Chair should have bilateral meetings at least annually with the Accountable Officer, the Head of Internal Audit and the External Auditor. In addition, the Chair should meet any people newly appointed to these positions as soon as practicable after their appointment.
- The Chair should also ensure that all committee members have an appropriate programme of engagement with the organisation and its activities to help them understand the organisation, its objectives, business needs and priorities.
- The Chair of the Audit and Assurance Committee should establish a mechanism enabling key stakeholders to consider the overall risk and assurance needs (see 5.3).

- Encouraging good, open relationships between the committee, Accountable Officer, Finance Director and Internal and External Auditors. There are a number of ways that a Chair can encourage this.

The profile of the committee can be raised to support and add weight to audit work by:

- promoting audit issues internally with relevant Board members and other directors to make sure they appreciate the value of audit;
- holding managers within the organisation to account for the implementation of audit recommendations; and
- calling appropriate business heads to meetings, for example, to explain how they are delivering their agreed actions on risks for which they are responsible.
- Arranging separate meetings for the Chair, Non-Executives and independent members and Internal and External Auditors to help establish open working relationships;
- Arranging meetings with the Chair, Internal Auditors and the Finance Director etc in the weeks leading up to the committee meeting to discuss areas for the agenda and papers that should be provided;
- Arranging meetings with the Internal Auditors (and possibly External Audit) immediately before the committee meeting to help give focus to discussions; and
- The Chair should ensure that there is an appropriate process between meetings for action points arising from committee business to be appropriately pursued. The Chair should also ensure that members who have missed a meeting are appropriately briefed on the business conducted in their absence. Chairs may choose to rely on the Secretariat to take these actions.

A2 Appraisal

The Chair should take the lead in ensuring that committee members are provided with appropriate appraisal of their performance as a committee member and that training needs are identified and addressed. The Chair should seek appraisal of their performance from the Accountable Officer (or Chair of the Board, as appropriate).

The Chair should ensure that there is a periodic review of the overall effectiveness of the committee and of its terms of reference.

A.3 Appointments

The Chair should be involved in the appointment of new committee members, including providing advice on the skills and experience being sought by the committee when a new member is appointed.

The Chair should also be actively involved in the appointment of the Head of Internal Audit.

A.4 Resources

The Chair is responsible for ensuring that the work of the committee is appropriately resourced.

Annex B: Committee support: good practice

B.1 The secretariat should be able to support the Chair in identifying business to be taken, and the relevant priorities of the business. For this reason, and as the Audit and Assurance Committee is a committee of the Board, the Committee's Secretariat function should be supervised by the Board Secretariat. The Chair of the committee and the Secretariat should agree procedures for commissioning briefing to accompany business items on the committee's agenda and timetables for the issue of meeting notices, agendas, and minutes. The Chair of the committee should always review and approve minutes of meetings before they are circulated.

B.2 The specific responsibilities of the Audit and Assurance Committee Secretariat should include:

- meeting with the Chair to prepare agendas for meetings;
- commissioning papers as necessary to support agenda items;
- circulating meeting documents in good time before each meeting;
- arranging for executives to be available as necessary to discuss specific agenda items with the committee during meetings;
- keeping a record of meetings and providing draft minutes for the Chair's approval;
- ensuring action points are being taken forward between meetings;
- support the Chair in the preparation of committee reports to the Accountable Officer and Board;
- arranging the Chair's bilateral meetings with the Accountable Officer, the Head of Internal Audit, the External Auditor, and, in ALBs, with the Chair of the Board etc;
- keeping the Chair and members in touch with developments and relevant background information about developments in the organisation;

- maintaining a record of when members' terms of appointment are due for renewal or termination;
- ensuring that appropriate appointment processes are initiated when required;
- ensuring that new members receive appropriate induction training, and that all members are supported in identifying and participating in ongoing training; and
- managing budgets allocated to the committee.

B.3 When the committee decides to meet privately, the Chair should decide whether the Secretariat members should also withdraw. If so, the Chair should ensure that an adequate note of proceedings is kept to support the committee's conclusions and advice.

Annex C: Model letter of appointment

It is recommended that the following issues be included in the Letter of Appointment of an Audit and Assurance Committee member.

Appointment and purpose

You are hereby appointed as a member of the Audit and Assurance Committee of (*organisation*). As a member of the committee you are accountable to the Board (*or Accountable Officer where appropriate*) through the Chair of the Committee. Your appointment is for (*number*) years from (*date*). This appointment may be renewed (*number*) times (*by mutual agreement*) after the duration of this appointment.

The committee is a committee of the Board of (*organisation*) and its purpose is to:

- review the comprehensiveness of assurances in meeting the assurance needs of the Board and Accountable Officer;
- review the reliability and integrity of these assurances;
- review the integrity of the financial statements; and
- advise the Board and Accountable Officer about how well assurances consequently support them in decision taking and in discharging their accountability obligations.

A copy of the committee's Terms of Reference is enclosed. The committee is chaired by (*name*) and the other members are (*names*). [*It is recommended that new members be provided with a list of contact details*.]

Support and training

The Secretary of the Committee is (*name/contact details*) and he/she will shortly be in touch with you to discuss and arrange appropriate induction training.

To help you understand the governance arrangements and the role of Audit and Assurance Committees in government, you should read the Audit and Assurance Committee Handbook published by the Scottish Government.

Commitment and remuneration

The committee meets at least four times each year, but additional meetings may be required from time to time. You will also be expected to undertake appropriate training and activities designed to keep you in touch with the organisation's activities and priorities. Your remuneration will be (*include details of daily rate and procedures for claims and payment*). All monies paid in connection with this appointment are taxable and it is your responsibility to make appropriate arrangements in respect of income tax.

Expenses and subsistence

Travel and subsistence costs will be paid in accordance with (*the organisation's*) standard arrangements.
A copy of the current rates and conditions is enclosed for your information.

You are entitled to claim the following expenses and subsistence:

- travel expenses to and from home to the meeting venue;
- travel and subsistence expenses incurred as part of the work of the committee away from the normal venue; and
- dependent care costs.

You would be entitled to travel standard class by rail. Any further clarification on (*the organisation's*) arrangements should be sought via the Secretary of the Committee. As a rule of thumb the aim is to use the most efficient and economic means of travel, taking into account sustainability, subsistence costs and savings in time.

Conflicts of interest

Any potential conflict of interest for you in your committee role, including any arising from a change in personal circumstances during your period of appointment, must be declared to the Chair of the Committee.

Appraisal

As a member of the committee you will be subject to appraisal by the Audit and Assurance Committee Chair (*include brief details of the appraisal process*).

Conduct

You are expected to conduct yourself in accordance with the principles of the *Seven Principles of Public Life* identified by the Committee on Standards in Public Life. A copy of the *Seven Principles of Public Life* is enclosed.

Liability

Under the terms of the *Scottish Public Finance Manual* issued by the Scottish Ministers, individual non-executive board members of public bodies and independent external members of board committees who have acted honestly and in good faith do not have to meet out of their own personal resources any personal civil liability which is incurred in the execution or purported execution of their board or committee functions, save where the person has acted recklessly.

Termination

If you choose to resign from this appointment you will be expected to give (*number*) months' notice, unless your circumstances have changed in a way that make it appropriate for you to resign immediately. If your performance as a committee member is decided to be unacceptable (see appraisal) or if your conduct (including conflicts of interests) is unacceptable your appointment may be terminated by the Board/Accountable Officer (*delete as appropriate*).

Annex D: Model terms of reference

The Board (and/or Accountable Officer - *delete as appropriate*) has established an Audit and Assurance Committee as a Committee of the Board to support in their responsibilities for issues of risk, control and governance and associated assurance through a process of constructive challenge.

Membership

The members of the committee are:

- non-executive directors: (List those who are appointed to the committee);
- independent external members: (List those who are appointed to the Audit and Assurance Committee; in all cases indicate the date of appointment and when the appointment is due to end/become eligible for renewal).

The committee will be Chaired by …….

The committee will be provided with a secretariat function by ……..

Reporting

- The committee will formally report in writing to the Board and Accountable Officer after each meeting. A copy of minutes of the meeting may form the basis of the report.
- The committee will provide the Board and Accountable Officer with an Annual Report, timed to support finalisation of the accounts and the governance statement, summarising its conclusions from the work it has done during the year.

Responsibilities

The committee will advise the Board and Accountable Officer on:

- the strategic processes for risk, control and governance and the governance statement;

- the accounting policies, the accounts, and the annual report of the organisation, including the process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
- the planned activity and results of both internal and external audit;
- the adequacy of management response to issues identified by audit activity, including external audit's management letter/report;
- the effectiveness of the internal control environment;
- assurances relating to the corporate governance requirements for the organisation;
- (*where appropriate*) proposals for tendering for either internal or external audit services or for purchase of non-audit services from contractors who provide audit services; and
- anti-fraud policies, whistle-blowing processes, and arrangements for special investigations.

The Audit and Assurance Committee will also periodically review its own effectiveness and report the results of that review to the Board and Accountable Officer.

Rights

The committee may:

- co-opt additional members for a period not exceeding a year to provide specialist skills, knowledge and experience; and
- procure specialist ad-hoc advice at the expense of the organisation, subject to budgets agreed by the Board or Accountable Officer.

Access

The Head of Internal Audit and the representative of External Audit will have free and confidential access to the Chair of the Committee.

Meetings

The procedures for meetings are:

- the committee will meet at least four times a year. The Chair of the Committee may convene additional meetings, as he/she deems necessary;
- a minimum of (*number*) members of the committee will be present for the meeting to be deemed quorate;
- committee meetings will normally be attended by the Accountable Officer, the Finance Director, the Head of Internal Audit, and a representative of External Audit (*add any others who may routinely attend such as representatives of sponsoring/sponsored bodies*);
- the committee may ask any other officials of the organisation to attend to assist it with its discussions on any particular matter;
- the 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 Board or Accountable Officer may ask the committee to convene further meetings to discuss particular issues on which they want the committee's advice.

Information requirements

For each meeting the committee will be provided with:

- a report summarising any significant changes to the organisation's Risk Register;
- a progress report from the Head of Internal Audit summarising:
    - work performed (and a comparison with work planned);
    - key issues emerging from Internal Audit work;
    - management response to audit recommendations;
    - significant changes to the audit plan;
    - any resourcing issues affecting the delivery of Internal Audit objectives;
- a progress report from the External Audit representative summarising work done and emerging findings.

As and when appropriate, the committee will also be provided with:

- business update reports from the Accountable Officer;
- the Charter / Terms of Reference of the Internal Audit Directorate;
- the Internal Audit Strategy;
- the annual Internal Audit Plan
- the Head of Internal Audit's Annual Opinion and Report;
- quality assurance reports on the Internal Audit function;
- the draft accounts of the organisation;
- the draft governance statement;
- a report on any changes to accounting policies;
- External Audit's management letter/report;
- a report on any proposals to tender for audit functions;
- a report on co-operation between Internal and External Audit;
- a report on the Counter Fraud and Bribery arrangements and performance;
- reports from other sources within the “three lines of assurance” integrated assurance framework (eg Best Value self-assessment Reviews, Gateway Reviews, Health Check Reviews, ICT Assurance Reviews, Digital 1st Service Standard Reviews, Procurement Capability Reviews, Procurement Key Stage Reviews).

The above list suggests minimum requirements for the inputs which should be provided to the committee. In some cases more may be provided.

Annex E: Example Annual Core Work Programme

Spring Meeting

- Review performance relating to risk management
- Review the Internal Audit charter / terms of reference, strategy and the periodic work plan for the coming financial year
- Consider External Audit plans for the coming financial year
- Consider any reports from Internal Audit and management responses
- Consider financial reports, including relevant information about financial performance and achievement of financial targets
- Consider any reports from other sources within the “three lines of assurance” integrated assurance framework

Summer Meeting

- Review performance relating to risk management
- Review and consider the accounts for the financial year just finished
- Consider (emerging) External Audit opinion for the financial year just finished
- Review assurances provided by senior staff for the annual governance statement
- Consider Internal Audit opinion for the financial year just finished
- Consider an annual report on fraud and security
- Advise the Accountable Officer on signing the accounts and governance statement
- Consider any reports from Internal Audit and management responses
- Consider a financial report, including relevant information about financial performance and achievement of financial targets
- Consider an annual report to the Board and Accountable Officer
- Consider any reports from other sources within the “three lines of assurance” integrated assurance framework

Autumn Meeting

- Review performance relating to risk management
- Review the performance management arrangements adopted by the body including, where appropriate, the timetable for reviewing such arrangements
- Consider any reports from Internal Audit and management responses
- Consider the External Audit management letter for the previous financial year and the response to/implementation of any recommendations
- Consider a financial report, including relevant information about financial performance and achievement of financial targets
- Consider any reports from other sources within the “three lines of assurance” integrated assurance framework

Winter Meeting

- Review performance relating to risk management
- Consider any reports from Internal Audit and management responses
- Consider a financial report, including relevant information about financial performance and achievement of financial targets
- Consider the committee's own effectiveness in its work
- Review the committee's Terms of Reference
- Consider any reports from other sources within the “three lines of assurance” integrated assurance framework

Annex F: Key lines of enquiry

This list of questions is not intended to be exhaustive or restrictive nor should it be treated as a tick list substituting for detailed consideration of the issues it raises. Rather it is intended to act as a 'prompt' to help the committee ensure that their work is comprehensive.

On the strategic processes for risk, control and governance, how do we know:

- that the risk management culture is appropriate?
- that there is a comprehensive process for identifying and evaluating risk, and for deciding what levels of risk are tolerable?
- that the risk register is an accurate reflection of the risks facing the organisation?
- that appropriate ownership of risk is in place?
- that management has an appropriate view of how effective internal control is?
- that risk management is carried out in a way that really benefits the organisation or is it treated as a box ticking exercise?
- that the organisation as a whole is aware of the importance of risk management and of the organisation's risk priorities?
- that the system of internal control will provide indicators of things going wrong?
- that the AO's annual governance statement is meaningful, and what evidence underpins it?
- that the governance statement appropriately discloses action to deal with material problems?
- that the organisation is appropriately considering the results of the effectiveness review underpinning the governance statement?

On risk management processes, how do we know:

- how senior management (and Ministers where appropriate) support and promote risk management?
- how well are people equipped and supported to manage risk well?
- that there is a clear risk strategy and policies?

- that the organisation’s risk appetite has been articulated?
- that there are effective arrangements for managing risks with partners?
- that the organisation's processes incorporate effective risk management?
- if risks are handled well:

    - key strategic risks can change very quickly?
    - scenario planning and stress testing?
    - bubbling under’ risks?

- Risk focus is wide enough:
    - external and emerging risks are considered?
    - ‘financial’ risks and ‘non-financial’ risks are reviewed?

- if risk management contributes to achieving outcomes?
- that management are regularly reviewing top risks?

On the planned activity and results of both internal and external audit, how do we know:

- that the Internal Audit strategy is appropriate for delivery of a positive reasonable assurance on the whole of risk, control and governance?
- that the internal audit plan will achieve the objectives of the Internal Audit strategy, and in particular is it adequate to facilitate a positive, reasonable assurance on the key risks facing the organisation?
- that Internal Audit has appropriate resources, including skills, to deliver its objectives?
- that Internal Audit takes appropriate account of other assurance activity, especially in the first and second line (and that this assurance is understood and owned by management)? that Internal Audit recommendations that have been agreed by management are timeously implemented?
- that any issues arising from line management not accepting Internal Audit recommendations are appropriately escalated for consideration?

- that the quality of Internal Audit work is adequate? What does application of the Internal Audit Quality Assessment process tell us about the quality of the Internal Audit service?
- that there is appropriate co-operation between the internal and external auditors?
- The Accountable Officer and Board have taken all necessary steps to make themselves aware of any relevant information and that auditors are aware of that information?

A more detailed tool for evaluation of the quality of the Internal Audit service is the "Internal Audit Quality Assessment Framework" produced by HM Treasury.

On the accounting policies, the accounts, and the annual report of the organisation, how do we know:

- how effective and accurate budgeting and in-year forecasting is?
- if the finance function is fit for purpose?
- what the "hidden" financial risks are, relating to (inter alia):
- HR?
- VAT?
- Overruns?
- Sudden loss of funding/revenue?
- that the accounting policies in place comply with relevant requirements, particularly the HMT *Financial Reporting Manual*?
- there has been due process in preparing the accounts and annual report and is that process robust?
- that the accounts and annual report have been subjected to sufficient review by management and by the Board and Accountable Officer?
- that when new or novel accounting issues arise, appropriate advice on accounting treatment is gained?
- that there is an appropriate anti-fraud policy in place and losses are suitably recorded?
- that suitable processes are in place to ensure accurate financial records are kept?

- that suitable processes are in place to ensure fraud is guarded against and regularity and propriety is achieved?
- that financial control, including the structure of delegations, enables the organisation to achieve its objectives with good value for money?
- if there are any issues likely to lead to qualification of the accounts?
- if the accounts have been qualified, that appropriate action is being taken to deal with the reason for qualification?
- that issues raised by the External Auditors are given appropriate attention?

On the adequacy of management response to issues identified by audit activity, how do we know:

- that the implementation of recommendations is monitored and followed up?
- that there are suitable resolution procedures in place for cases when management reject audit recommendations which the auditors stand by as being important?

On assurances relating to the corporate governance requirements for the organisation, how do we know:

- corporate governance arrangements operate effectively and are clear to the whole organisation?
- the Accountable Officer's Governance Statement is meaningful, and that robust evidence underpins it?
- the Governance Statement appropriately discloses action to deal with material problems?
- the Board/Executive is appropriately considering the results of the effectiveness review underpinning the annual Governance Statement?
- the range of assurances available is sufficient to facilitate the drafting of a meaningful annual Governance Statement?
- those producing the assurances understand fully the scope of the assurance they are being asked to provide, and the purpose to which it will be put?
- effective mechanisms are in place to ensure that assurances are reliable and adequately evidenced?

- assurances are ‘positively’ stated (i.e. – premised on sufficient relevant evidence to support them)?
- the assurances draw appropriate attention to material weaknesses or losses which should be addressed?
- the annual Governance Statement realistically reflects the assurances on which it is premised?

On the work of the committee itself, how do we know:

- that we are being effective in achieving our terms of reference and adding value to corporate governance and control systems of the organisation?
- that we have the appropriate skills mix?
- that we have an appropriate level of understanding of the purpose and work of the organisation?
- that we understand all of the sources of assurance available to the organisation?
- that we have sufficient time to give proper consideration to our business?
- that our individual members are avoiding any conflict of interest?
- that we are avoiding “group think”
- what impact we are having on an organisation?

Annex G: Competency framework

All members of the committee should have, or acquire as soon as possible after appointment:

- understanding of the objectives of the organisation and current significant issues for the organisation;
- understanding of the organisation's structure, including key relationships such as that with a sponsoring directorate/portfolio or a major partner;
- understanding of the organisation's culture;
- understanding of any relevant legislation or other rules governing the organisation;
- understanding of the organisation’s three lines of assurance and sources of assurance;
- broad understanding of the government environment, particularly accountability structures and current major initiatives.

The committee should collectively possess:

- knowledge/skills/experience (as appropriate and required) in:
    - accounting;
    - risk management;
    - audit;
    - technical or specialist issues pertinent to the organisation's business.
- experience of managing similar sized organisations and people management skills;
- understanding of the wider relevant environments in which the organisation operates;
- detailed understanding of the government environment and accountability structures.

Annex H: Self-assessment checklist

Role and remit	YES/NO/NA	Comments/Action
Does the committee have written terms of reference?		
Do the terms of reference cover the core functions as identified in the *SG Audit and Assurance Committee Handbook*?		
Are the terms of reference approved by the Audit and Assurance Committee and reviewed periodically?		
Has the committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?		
Does the body's governance statement mention the committee's establishment and its broad purpose?		
Does the committee periodically assess its own effectiveness?		
Membership, induction and training	YES/NO/NA	Comments/Action
Has the membership of the committee been formally agreed by the management board and or Accountable Officer and a quorum set?		
Are members appointed for a fixed term?		

Does at least one of the committee members have a financial background?		
Are all members, including the Chair, independent of the Executive function?		
Are new committee members provided with an appropriate induction?		
Has each member formally declared his or her business interests?		
Are members sufficiently independent of the other key committees of the Board?		
Has the committee considered the arrangements for assessing the attendance and performance of each member?		
Meetings	YES/NO/NA	Comments/Action
Does the committee meet regularly, at least four times a year?		
Do the terms of reference set out the frequency and broad timing of meetings?		
Does the committee calendar meet the body's business and governance needs, as well as the requirements of the financial reporting calendar?		
Are members attending meetings on a regular basis and if not, is appropriate action taken?		

Does the Accountable Officer attend all meetings and, if not, is he/she provided with a record of discussions?		
Does the committee have the benefit of attendance of appropriate officials at its meetings, including representatives from internal audit, external audit and finance?		
Internal control	YES/NO/NA	Comments/Action
Does the committee consider the findings of annual reviews by internal audit and others, on the effectiveness of the arrangements for risk management, control and governance?		
Does the committee consider the findings of reviews on the effectiveness of the system of internal control?		
Does the committee have responsibility for review of the draft governance statement and does it consider it separately from the accounts?		
Does the committee consider how accurate and meaningful the governance statement is?		
Does the committee satisfy itself that the arrangements for risk management, control and governance have operated effectively throughout the reporting period?		
Has the committee considered how it should coordinate with other committees that may have responsibility for risk management and corporate governance?		

Has the committee satisfied itself that the body has adopted appropriate arrangements to counter and deal with fraud?		
Has the committee been made aware of the role of risk management in the preparation of the internal audit plan?		
Does the committee's terms of reference include oversight of the risk management process?		
Does the committee consider assurances provided by senior staff?		
Does the committee receive and consider stewardship reports from senior staff in key business areas such as Finance, HR and ICT?		
Financial reporting and regulatory matters	YES/NO/NA	Comments/Action
Is the committee's role in the consideration of the annual accounts clearly defined?		
Does the committee consider, as appropriate:		
• the suitability of accounting policies and treatments		
• major judgements made		
• large write-offs		
• changes in accounting treatment		

• the reasonableness of accounting estimates		
• the narrative aspects of reporting?		
Is an committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from the audit?		
Does the committee review management's letter of representation?		
Does the committee gain an understanding of management's procedures for preparing the body's annual accounts?		
Does the committee have a mechanism to keep it aware of topical legal and regulatory issues?		
Internal audit	YES/NO/NA	Comments/Action
Does the Head of Internal Audit attend meetings of the committee?		
Does the committee consider, annually and in detail, the internal audit plan including consideration of whether the scope of internal audit work addresses the body's significant risks?		
Does internal audit have a direct reporting line, if required, to the committee?		

As well as an annual report from the Head of Internal Audit, does the committee receive progress reports from internal audit?		
Are outputs from follow-up audits by internal audit monitored by the committee and does the committee consider the adequacy of implementation of recommendations?		
If considered necessary, is the committee chair able to hold private discussions with the Head of Internal Audit?		
Is there appropriate co-operation between the internal and external auditors?		
Does the committee review the adequacy of internal audit staffing and other resources?		
Are internal audit performance measures monitored by the committee?		
Has the committee considered the information it wishes to receive from internal audit?		
Has the committee considered formal terms of reference defining internal audit's objectives, responsibilities, authority and reporting lines?		
External audit	YES/NO/NA	Comments/Action
Does the external audit representative attend meetings of the committee?		

Do the external auditors present and discuss their audit plans and strategy with the committee (recognising the statutory duties of external audit)?		
Does the committee chair hold periodic private discussions with the external auditor?		
Does the committee review the external auditor's annual report to those charged with governance?		
Does the committee ensure that officials are monitoring action taken to implement external audit recommendations?		
Are reports on the work of external audit presented to the Audit and Assurance Committee?		
Does the committee assess the performance of external audit?		
Does the committee consider the external audit fee?		
Administration	YES/NO/NA	Comments/Action
Does the committee have a designated secretariat?		
Are agenda papers circulated in advance of meetings to allow adequate preparation by committee members and attendees?		
Do reports to the committee communicate relevant information at the right frequency, time, and in a format that is effective?		

Does the committee issue guidelines and/or a pro forma concerning the format and content of the papers to be presented?		
Are minutes prepared and circulated promptly to the appropriate people, including all members of the Board?		
Is a report on matters arising presented or does the Chair raise them at the committee's next meeting?		
Do action points indicate who is to perform what and by when?		
Does the committee provide an effective annual report on its own activities?		
Overall	YES/NO/NA	Comments/Action
Does the committee effectively contribute to the overall control environment of the organisation?		
Are there any areas where the committee could improve upon its current level of effectiveness?		
Does the committee seek feedback on its performance from the Board and Accountable Officer?		

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Code of Good Governance for Scotland's Colleges

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Annex 1: References and Definitions

1. Background

The original *Code of Good Governance for Scotland's Colleges* was published in December 2014. The Code has been periodically updated by the Good Governance Steering Group over the last few years to take into account the Cabinet Secretary's Good Governance Task Group recommendations which were published in 2016 and new governance practices and processes.

Colleges Scotland will act as custodian for any future reviews and in keeping with the way that the Code was created, the broad range of stakeholders who developed the Code will be engaged fully with any revisions.

This Code refers to regional colleges, assigned colleges and regional strategic bodies.

2. Foreword

Colleges in Scotland thrive in the heart of their communities, serving the interests of those communities, students, employers, governments and their agencies and other stakeholders. They have an essential and valuable role in Scottish society. Colleges deliver 70 million hours of learning each year, and 95% of these learning hours lead to a recognised qualification. Across Scotland colleges employ 11,000 staff and deliver education, skills and training to 240,000 students, 11,000 apprentices and 52,000 school pupils.

Colleges and regional strategic bodies receive substantial public funding and also operate in an increasingly commercial and enterprising way. We value the significant contribution college board members make to governing our colleges and regional strategic bodies, and to their stewardship of taxpayer's money, ensuring its efficient and effective use.

Boards are expected to innovate, pursue new opportunities and take measured risks in delivering what is best for their stakeholders.

Against this background, it is right and proper that the highest standards of governance and propriety are expected of our boards and those individuals who serve them. This Code of Good Governance codifies the principles of good governance for learners and learning that already exist in our colleges and promotes accountability and continuous improvement in how colleges and regional strategic bodies are governed.

The Code is based on key principles and has been written in a way that is mandatory and anticipates compliance. All colleges that receive funding from the Scottish Funding Council (SFC) or from a regional strategic body must comply with the Code as a term and condition of grant. Exceptions should be rare and must be explained publicly.

In addition to demonstrating good governance, colleges and regional strategic bodies must also ensure compliance with their statutory and other obligations. The governance professional role is vital in providing guidance to the board on its legal and other obligations.

Colleges have an important individual and collective role to play in promoting economic, social and cultural well-being. We expect this Code to provide the essential underpinning to help discharge that role to the highest standards possible.

Waiyin Hatton, Chair of the Good Governance Steering Group
September 2022

3. Code of Good Governance for Scotland's Colleges

Governance and the Code

Corporate governance:

- is the way in which organisations are directed and controlled within a legislative and regulatory framework
- defines the distribution of rights and responsibilities among the different stakeholders and participants in the organisation
- determines the rules and procedures for making decisions on corporate affairs including the process through which the organisation's objectives are set
- provides the means of achieving those objectives and monitoring performance.

Scotland's colleges refer to colleges either funded by SFC or by a regional strategic body for the provision of education. Such colleges can be incorporated or non-incorporated. The overarching purpose of good governance for Scotland's colleges is to:

- lead the college, region or regional strategic body and set its strategic direction and values
- ensure effective management and financial controls to support the student experience within a framework of public accountability and transparency
- deliver high quality learning and outcomes.

The *Code of Good Governance for Scotland's Colleges* has been developed and is owned by the college sector. Colleges are required to comply with it as a condition of grant from either SFC or their regional strategic body. It establishes standards of good governance practice for all boards and provides the essential foundations for compliance within the legislative framework.

Boards must not only follow the letter but also the spirit of the Code to ensure good governance. Boards must think deeply, thoroughly and on a continuing basis about their overall tasks and the implications of these for the roles of their individual members. Key to this is the leadership of the chair, the support given to and by the principal, and the frankness and openness of mind with which issues are discussed and tackled by all board members.

Statement of Compliance with Good Governance

Each board must state its adoption of the Code in the corporate governance statement contained in its annual financial statement. The chair, on behalf of the board, is expected to report as to how the principles have been applied by the board. Where, for whatever reason, a board's practice is not consistent with any principle of the Code, it should make this known to SFC or, if it is an assigned college, the regional strategic body. This should be done immediately they become aware of an inconsistency and, without exception, in advance of publishing the information. An explanation for that inconsistency must be clearly stated in its corporate governance statement. Boards will be expected to offer a clear rationale for exceptions in the context of their college's operational model and to identify mitigations.

Individual board members have a duty to act on serious concerns about the governance of their body. Information on who board members can approach is included in *The Guide for Board Members in the College Sector*.

4. Principles

Section A: Leadership and Strategy

Conduct in Public Life

A.1 Every college and regional strategic body must be governed by an effective board that is collectively responsible for setting, demonstrating and upholding the values and ethos of the organisation.

A.2 Every board member must ensure that they are familiar with and their actions comply with the provisions of their board's Code of Conduct.

A.3 The *Nine Principles of Public Life in Scotland*, which incorporate the seven Nolan principles, must be the basis for board decisions and behaviour. These key principles, which apply individually and collectively, are:

- Duty/Public Service
- Selflessness
- Integrity
- Objectivity
- Accountability and Stewardship
- Openness
- Honesty
- Leadership
- Respect

Vision and Strategy

A.4 The board is responsible for determining their institution's vision, strategic direction, educational character, values and ethos. Regional strategic bodies must also determine the regional strategy for colleges assigned to them. The board of an assigned college must have regard to the strategy determined by the regional strategic body. Board members have a collective leadership role in fostering an environment that enables the body to fulfil its mission and meet Scottish Government priorities, for the benefit of students and the community it serves.

A.5 The board must develop and articulate a clear vision for the region or college. This should be a formally agreed statement of its aims and desired outcomes which should be used as the basis for its overall strategy and planning processes.

A.6 The board provides overall strategic leadership of the region or college. The board is responsible for formulating and agreeing strategy by identifying strategic priorities and providing direction within a structured planning framework.

A.7 The board (except in the case of assigned college boards) is responsible for overseeing the negotiation of its outcome agreement with SFC, to meet the needs of the college or region and make best use of available funding, consistent with national strategy. The board must ensure effective engagement with all relevant stakeholders in the development of its outcome agreement and monitor performance in achieving the agreed outcomes.

A.8 The roles and responsibilities of the boards of assigned colleges should be undertaken in the context of the roles and responsibilities of their regional strategic body. Assigned college boards must contribute constructively to the development of the outcome agreement led in its region by the regional strategic body and support the regional strategic body to monitor performance in achieving the agreed outcomes.

Performance

A.9 The board must ensure that a comprehensive performance measurement system is in place which is clearly linked to the regional strategic framework and identifies key performance indicators. It must ensure that it scrutinises performance measures and reports these on their website in a manner that is both timely and accessible to stakeholders. This will allow the board to determine whether or not the vision and mission of the region or the college are being fulfilled and that the interests of stakeholders are being met.

Corporate Social Responsibility

A.10 The board must demonstrate high levels of corporate social responsibility by ensuring it behaves ethically and contributes to economic development while seeking to improve the quality of life of the local community, society at large and its workforce.

A.11 The board must exercise its functions with a view to improving economic, cultural and social wellbeing in the locality of the college or region. It must have regard to social and economic needs and social inclusion.

A.12 The board must provide leadership in equality and diversity.

A.13 The board must seek to reflect in its membership, the make-up of the community through offering maximum opportunity of membership to a range of potential members and removing potential barriers to membership, in partnership with its regional strategic body, as appropriate.

Section B: Quality of the Student Experience

Student Engagement

B.1 The board must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions.

B.2 The board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trade unions in relation to the quality of the student experience. Consultation is essential where significant changes are being proposed.

B.3 The board must consider the outcome of student surveys and other student engagements and monitor action plans that could impact on the quality of the student experience.

B.4 The college board must have regard to the Framework for the Development of Strong and Effective College Students' Association in Scotland. It must put in place robust partnership procedures (e.g. partnership agreement) to work together to achieve change and which are supported by regular and open communications.

B.5 The college board must encourage a strong and autonomous students' association and ensure that the students' association is adequately resourced.

B.6 The college board must ensure that the students' association operates in a fair and democratic manner and fulfils its responsibilities.

B.7 The college board should review the written constitution of its students' association at least every five years.

Relevant and High-Quality Learning

B.8 The board must seek to secure coherent provision for students, having regard to other provision in the region or college's locality. The board must be aware of external local, national and international bodies and their impact on the quality of the student experience, including community planning partners, employers, skills development and enterprise agencies and employer bodies. The board must seek to foster good relationships and ensure that the body works in partnership with external bodies to enhance the student experience, including employability and the relevance of learning to industry needs.

Quality Monitoring and Oversight

B.9 The board must ensure appropriate mechanisms are in place for the effective oversight of the quality and inclusivity of the learning experience in the college or region. The board must ensure that the college works in partnership with sector quality agencies and other appropriate bodies to support and promote quality enhancement and high-quality services for students.

Section C: Accountability

Accountability and Delegation

C.1 The board is primarily accountable to its main funder, either SFC or its regional strategic body. Through the chain of funding, the body is ultimately responsible to the Scottish Ministers who are accountable to the Scottish Parliament.

C.2 The board must ensure delivery of its outcome agreement or in the case of an assigned college, its agreed contribution to the region's outcome agreement.

C.3 The board must ensure it fulfils its statutory duties and other obligations on it, and that the terms and conditions of its grant are being met.

C.4 Scottish Ministers have powers to suspend or remove by order any or all board members of an incorporated college (except the principal) or a regional board for serious or repeated breaches of a term and condition of grant.

C.5 The board also has a wider accountability to a range of stakeholders including students (both current and prospective), its staff, the wider public, employers and the community it serves, for the provision high quality education that improves people's life chances and social and economic well-being.

C.6 Incorporated colleges and regional boards must maintain and publicly disclose a current register of interests for all board members. Board members have a personal responsibility to ensure any changes to their register of interests are notified timeously to the governance professional and to declare any specific conflicts of interest in the business of the meeting prior to the commencement of each meeting of the board and its committees and withdraw from meetings as appropriate. See section D.6 for the 'objective test' for judging if there is a conflict of interest.

C.7 The board must ensure that its decision-making processes are transparent, properly informed, rigorous and timely, and that appropriate and effective systems of financial and operational control, quality, management of staff, risk assessment and management are established, monitored, continuously improved and appropriately impact assessed. This includes:

a) the prompt production, dissemination and online publication of board/committee agendas, minutes and papers to the public
b) every board meeting and every committee meeting having a well-structured agenda circulated timeously in advance
c) the retention of all key documentation which help justify the decisions made by the board and its committees
d) setting quorum for board and committee meetings in line with good practice and preferably at 50% or higher are non-executive members. A board should satisfy itself that adequate arrangements are in place to ensure that decisions it has delegated to a committee are taken with a non-executive majority. When determining a quorum, the chair of the board may be considered to be a non-executive member. (see Annex 1 for the definition of non-executive).

C.8 The board may delegate responsibilities to committees for the effective conduct of board business. As a minimum the committees required are Audit, Remuneration, Finance and Nominations/Appointments. Delegation of responsibilities from and matters reserved to the board and its committees must be set out in a scheme of delegation including the functions delegated by the board to the chair, committees, the principal and the governance professional (and any other members of staff). Incorporated college boards and regional boards have no powers to delegate functions

to an individual board member (except the chair who has no authority to act out with their delegated powers).

C.9 The board must ensure every board committee has a specified member of the management team to provide objective, specialist advice to support it to discharge its remit, including by explaining in an accessible way the matters under discussion and the possible implications of different options.

C.10 The board must consider and have in place procedures to ensure effective working relationships and constructive dialogue amongst the board as a whole and ensure there are effective reporting and two-way communications between committees and the board. The board must ensure that discussions and decisions of every committee are accurately recorded and reported to the board, no later than the next meeting of the board.

Risk Management

C.11 The board of a college or a regional body is responsible for the overall management of risk and opportunity. It must set the risk appetite of the body and ensure there is an appropriate balance between risk and opportunity and that this is communicated via the principal to the body's management team.

C.12 The board must ensure that sound risk management and internal control systems are in place and maintained. It must ensure there is a formal on-going process for identifying, reporting, evaluating and managing the body's significant risks and review the effectiveness of risk management, business continuity planning and internal control systems.

Audit Committee

C.13 The Audit Committee must support the board and the principal by reviewing the comprehensiveness, reliability and integrity of assurances including the body's governance, risk management and internal control framework. The Scottish Government Audit and Assurance Committee Handbook promotes the development of an assurance framework to aid the Committee in fulfilling this role. See Audit and Assurance Committee Handbook

C.14 The scope of the Audit Committee's work must be defined in its terms of reference and encompass all the assurance needs of the board and the principal. The Audit Committee must have particular engagement with internal and external audit, and must work with management and auditors to resolve any issues in relation to financial reporting.

C.15 The Audit Committee must promptly pursue recommendations arising from audit reports and must monitor their implementation.

C.16 The membership of the Audit Committee cannot include the board chair or the principal and, in line with the Audit and Assurance Committee Handbook, 'executive members of the organisation should not be appointed to the Audit and Assurance Committee', and the majority of members must be non-executive. The role of the college executive is to attend meetings at the invitation of the committee chair and to provide information for particular agenda items.

C.17 The Audit Committee terms of reference must provide for the committee to sit privately without any non-members present for all or part of a meeting if they so decide. The Audit Committee members should meet with the internal and external auditors without the executive team present at least annually.

C.18 At least one member of the Audit Committee should have recent relevant financial or audit experience.

Remuneration Committee

C.19 It essential that members of the Remuneration Committee understand their role and responsibilities. Members must undertake the online training module for Remuneration Committees provided by College Development Network within one month of appointment.

C.20 The board must have a formal procedure in place for setting the remuneration of the principal by a designated committee of non-executive members. The board may wish to supplement this by taking evidence from a range of sources. In particular, staff and students should have a role in gathering and submitting evidence in relation to the college principal to the relevant committee.

C.21 The board chair cannot be the chair of the Remuneration Committee (but they can be a member of it).

Financial and Institutional Sustainability

C.22 The board is responsible for ensuring the financial and institutional sustainability of the body. The board must ensure compliance with its Financial Memorandum (either with SFC or the regional strategic body, depending on which is funding it), including in relation to incorporated colleges and regional boards, relevant aspects of the Scottish Public Finance Manual.

C.23 The board must ensure that:

- funds are used as economically, efficiently and effectively as possible
- effective monitoring arrangements are in place
- college staff report relevant financial matters to it.

C.24 For colleges that are charitable organisations, board members are also charity trustees. The board of a college that is a charity must ensure its members are aware of their responsibilities under charity legislation and for complying with relevant provisions as set out by the Office of the Scottish Charity Regulator. See *OSCR Guidance and Good Practice for Charity Trustees*.

Staff Governance

C.25 The college board as the employer, is responsible for promoting positive employee relations and for ensuring effective partnership between recognised trade unions and management.

C.26 The board must have a system of corporate accountability in place for the fair and effective management of all staff, to ensure all legal obligations are met and all policies and agreements are implemented and identify areas that require improvement and to develop action plans to address them.

C.27 The board must comply with the nationally agreed college sector *Staff Governance Standard*.

C.28 The college board must comply with collective agreements placed on it through national collective bargaining for colleges.

Section D: Effectiveness

The Board Chair

D.1 The chair is responsible for leadership of the board and ensuring its effectiveness in all aspects of its role. The chair is responsible for setting the board's agenda and ensuring that adequate time is available for discussion of all agenda items, particularly strategic issues. The chair must promote a culture of openness and debate by:

- encouraging the effective contribution of all board members
- fostering constructive challenge and support to the principal, executive team and fellow board members
- effective team-working
- positive relations between board members.

The chair must engage with the principal and the governance professional in a manner which is both constructive and effective.

D.2 The board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the body to enable them to discharge their respective duties and responsibilities effectively.

Senior Independent Member

D.3 The board must appoint one of the non-executive members to be the senior independent member to provide a sounding board for the chair and to serve as an intermediary for the principal, other board members and the governance professional when necessary (see Annex 1 for the definition of 'non-executive'). The senior independent member should also be available where contact through the normal channels of chair, principal or governance professional has failed to resolve an issue or for which such contact is inappropriate. The senior independent member is also responsible for holding annual meetings with Board members, without the Chair, to appraise the Chair's performance and provide the Chair with relevant feedback Further information on the role of the senior independent member can be found in *The Guide for Board Members in the College Sector*.

Board Members

D.4 Each board member is collectively responsible and accountable for all board decisions. Board members must make decisions in the best interests of the college and/or region as a whole rather than selectively or in the interests of a particular group.

D.5 Staff and student board members are full board members and bring essential and unique, skills, knowledge and experience to the board. Staff and student board members must not be excluded from board business unless there is a clear conflict of interest, in common with all board members.

D.6 Where the college is a charity, all board members, as charity trustees, including staff and student board members, have legal duties and responsibilities under the Charities Act 2005. This includes registering any personal interests that could be seen as conflicting with the interests of the body. The 'objective test' for judging if there is a conflict of interest is:
"… whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your decision making in your role as a member of a public body".

Principal and Chief Executive

D.7 The college board must appoint the principal as chief executive of the college, securing approval for the appointment and terms and conditions of the appointment from the regional strategic body if necessary.

D.8 The college board must ensure there is an open and transparent recruitment process for the appointment. Students and staff must have an opportunity to contribute to the recruitment process.

D.9 The college board must delegate to the principal, as chief executive, authority for the academic, corporate, financial, estate and human resource management of the college, and must ensure the establishment of such management functions are undertaken by and under the authority of the principal.

D.10 The college board must ensure a clear process is in place to set and agree personal performance measures for the principal. This process should seek the views of students and staff. The chair, on behalf of the board, should monitor, review and record the principal's performance, at least annually, against the agreed performance measures.

D.11 The principal, as a board member, shares responsibility for good governance with the chair and all other members of the board, supported by the governance professional. The principal also enables good governance through supporting effective communication and interaction between the body and the rest of the college including staff and students.

D.12 The board provides strategic direction for the region and/or college, and the chair provides leadership to the board. The principal provides leadership to the staff of the body.

D.13 The board must provide a constructive challenge to the principal and executive team and hold them to account.

Governance Professional

D.14 The board must appoint a governance professional who is responsible to it and reports directly to the chair in their governance professional capacity. The governance professional may be a member of the senior management team in their governance professional capacity, but they cannot hold any other senior management team position at the same time. The appointment and removal of the governance professional is a decision of the board.

D.15 All board members must have access to the governance professional who has an important governance role in advising the board, the committees and individual board members and supporting good governance. The distinctive governance professional role includes:

- facilitating good governance and advising board members on:
    - the proper exercise of their powers, including in relation to relevant legislation
    - the board's compliance with its Financial Memorandum, the Code for Good Governance, its Standing Orders and Scheme of Delegation
    - their behaviour and conduct in relation to the board's Code of Conduct.
- providing clear advice to the chair and the board/committees on any concerns the governance professional may have that board members have not been given:

- sufficient information
- information in an appropriate form
- sufficient time to monitor, scrutinise or make informed and rigorous decisions in an open and transparent way.

- attending and providing support to every board meeting and every meeting of every board committee. Where the governance professional is unable to attend, while the governance professional retains overall responsibility, proper arrangements must be made to cover the role with a person who is fully able to discharge the role effectively.

- having an unambiguous right to speak at board and committee meetings to convey any concerns they may have about governance. This extends to someone substituting for the governance professional.

- reporting any unresolved concerns about the governance of the body to the relevant funding body (i.e., SFC or the regional strategic body).

D.16 The board must ensure the governance professional:

- has suitable skills, knowledge and behaviours to carry out their role effectively
- receives appropriate induction, and if new to the role, is mentored by a more experienced governance professional for at least their first year
- has adequate time and resources available to undertake their role effectively.

D.17 The board must ensure arrangements are in place to deal with a governance professional's potential or real conflicts of interest.

Board Member Appointment, Induction and Training

D.18 For boards with responsibility for board appointments, the board must ensure a formal and open procedure is in place for recruiting and selecting new non-executive board members. Boards must have regard to current Ministerial Guidance on board appointments.

D.19 The board is responsible for ensuring appropriate arrangements are in place for the conduct of student elections and nominations, and elections and nominations of staff members to the board.

D.20 The chair must ensure that new board members receive a formal induction on joining the board, tailored in accordance with their individual and collective needs. The governance professional should support the chair in the provision of relevant induction for new board members.

D.21 The board must ensure all board members undertake appropriate training and development in respect of their governance role. The governance professional should support the chair in the provision of relevant training and development opportunities for board members, which should be tailored to meet board members skills and needs. The governance professional must keep records of the development activity of board members, including the chair.

D.22 The board must ensure that new committee members receive a committee induction and have their specific training needs assessed and met.

Board Evaluation

D.23 Extension of the term of office of board appointments requires evidence and the board must ensure appropriate mechanisms are in place to support this.

D 24 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness every three to five years. The board should determine the timing for this externally facilitated review as part of the annual effectiveness review. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.

D.25 The board must agree a process for evaluating the effectiveness of the board chair and the committee chairs. The evaluation of the board chair should normally be led by the senior independent member.

D.26 The board must ensure all board members are subject to appraisal of their performance, conducted at least annually, normally by the chair of the board.

D.27 The performance of regional college chairs will also be evaluated by the Scottish Government, as regional college chairs are appointed by the Scottish Ministers and are personally accountable to them.

D.28 The performance of assigned, incorporated college chairs will also be evaluated by the regional strategic body, as they are appointed by the regional strategic body and are personally accountable to them.

Section E: Relationships and Collaboration

Partnership Working

E.1 The board must work in partnership to secure the coherent provision of high quality fundable further and higher education in their localities.

E.2 The board must ensure effective consultation, local and regional planning and must follow the principles of effective collaborative working: mutual respect, trust and working towards commonly agreed outcomes.

E.3 The board must ensure effective partnership working with local and national bodies including businesses, public and third sector organisations to develop commonly agreed priorities following the principles of effective collaborative working.

E.4 The board must encourage and support effective partnership working and collaboration within and across regions to address local needs and meet national priorities and specialisms.

Annex 1

References and Definitions

- "**college**" means a college funded by either SFC or a regional strategic body.
- "**incorporated college**" means a college with a board of management under part 1 of the Further and Higher Education (Scotland) Act 1992.
- "**assigned** college" means a college assigned to a regional strategic body.
- "**regional board**" means a regional strategic body that has no other functions. There is one regional board – Glasgow Colleges' Regional Board.
- "**board**" means the governing body of the college or to the regional strategic body.
- "**body**" means the organisation in question, i.e., a college or regional strategic body.
- "**principal**" includes where appropriate in the context, the chief officer or equivalent person of a regional strategic body.
- '**non-executive**' means a member who is not the chair of the board and who does not otherwise hold a specific position on the board i.e., is not a student member or a staff member; and in the case of a college board, is not the principal; and in the case of a regional board is not the chair of an assigned college.
- The reference to a non-executive majority under C.7(d) reflects the underlying governance principle of ensuring an appropriate degree of independence and objectivity in all board decision-making. A board quorum should always require a non-executive majority. When determining a quorum, the chair of the board may be considered to be a non-executive member.
- In the context of the regional strategic body in the Highlands and Islands, the board means the Court of the University of the Highlands and Islands (UHI).
- New College Lanarkshire is the designated regional college and regional strategic body with South Lanarkshire College as an assigned college.
- Glasgow Colleges' Regional Board: this is the only part of Scotland with a regional strategic body which has been established as an organisation with only this role.

Framework

for the Development of Strong and Effective College Students' Associations in Scotland

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Ministerial Foreword

I want to thank students, principals and other college staff, college chairs and other college board members, as well as colleagues in sparqs, NUS Scotland and the Scottish Funding Council for their contribution to this, Scotland's first framework for supporting the development of effective students' associations.

Its publication marks another important step in our collective journey to put students at the centre. I endorse the approach it takes, including the five principles on which it is based – autonomous, partnered, accountable, representative and sustainable.

This Government has done more to advance student representation than any other, legislating as we have to put students at the heart of college life. It is no accident that the Post-16 Education (Scotland) Act 2013 contains more references to students' associations than any other piece of legislation in Scottish history. Or that one of the first changes made by the Act was to require colleges to seek to ensure the interests of their students are represented by an association. We have introduced new duties to consult and collaborate with associations and doubled the number of students they nominate to incorporated college boards.

I look to colleges and associations to work in partnership with common purpose in a spirit of openness, trust and mutual respect. The distinctive contribution that associations make to college life arises from their autonomous, representative role. It is therefore essential to the success of partnership that this is cherished and developed. It makes sense for colleges to support vibrant, autonomous and thriving students' associations, given how integral they are to colleges' mission to deliver positive outcomes for students. In line with the Code of Good Governance for Scotland's Colleges, I have no doubt that they will ensure they are adequately resourced.

Cabinet Secretary for Education and Lifelong Learning - Angela Constance MSP

The Framework

The Role and Importance of Students' Associations

Students' associations are the legally representative voice of students. A strong, effective students' association should enable students to make their voices heard, and to take collective action to change and improve their student experience.

Strong students' associations will be able to work as equal partners with their college, acting as critical friends, and enabling the college to develop robust quality and governance processes. A well-developed association will enable students to self-organise and speak in a representative, autonomous voice in discussions and decision making. Students' associations can introduce students to democratic activity and empower them to become active citizens both within the college and in the wider world. Students' associations can also come together to strengthen the student voice at a national level.

Scotland is world-leading in student engagement but students' associations have, in the past, been relatively underdeveloped. Students' associations have made great strides forward in recent years, even as the expectations on them have increased. This has included both new duties in legislation and increased responsibilities under sector policies.

However, both student officers and college staff recognise that there is still much work to be done. This Students' Association Development Framework is a sector-agreed shared way forward for students' association and college partnership development.

Legislative Context: Summary

1994 Education Act

The 1994 Education Act places a number of obligations on relevant governing bodies with regard to the proper running of their students' association. This includes ensuring that the association operates in a fair and democratic manner and is accountable for its finances. The governing body has a duty to prepare and revise a code of practice on how the various requirements are observed by or in relation to the association.

Post-16 Education (Scotland) Act 2013

- Two student members on incorporated college boards. Two student members on Regional Boards.
- The Scottish Funding Council (SFC) must be satisfied each college has suitable "arrangements for the purpose of seeking to ensure that the interests of the body's students are represented by a students' association".
- Regional colleges and regional strategic bodies must:
  - seek to secure the collaboration of students' association(s) (so far as is consistent with the proper exercise of their functions).
  - consult students' association(s) where they consider it appropriate to do so in the exercise of their functions.
- Other specific duties to consult students' associations on regional strategic bodies, Regional Boards, Ministers and SFC.

In multi-college regions, students' associations will therefore have a direct relationship with their regional strategic bodies, as well as with their colleges.

Please see Legislation Supplement: References to Students' Associations in Legislation at saframework.co.uk

Sector Expectations of College and Students' Association Partnerships

The Student Engagement Framework for Scotland identifies and defines five Elements of Student Engagement. Students' associations have a particularly key role to play in Element 4 which focuses on "formal engagement with institutions through representative structures and processes operated primarily by students' associations" but they can also contribute to the delivery of the other elements.[1]

Since 2007 'Student Engagement' has been one of the three Pillars underpinning college quality arrangements in Scotland. Education Scotland emphasise the role of students through a confidence statement against the question "How well are learners engaged in enhancing their own learning and the work and life of the college?"[2] Students' associations therefore have a key role to play in supporting college quality processes and quality enhancement. They also have an increasingly key role to play in external quality reviews.

The College Code of Good Governance states that the college governing bodies "must have close regard to the voice of its students and the quality of the student experience should be central to all board decisions." It goes on to say that "the board must lead by example in relation to openness, by ensuring that there is meaningful on-going engagement and dialogue with students, the students' association and as appropriate staff and trades unions in relation to the quality of the student experience."[3]

Students' associations also play a key role in the negotiation of Outcome Agreements. SFC expect to see evidence of how "outcomes within the outcome agreements have been developed and discussed with the students' association."[4]

Purpose of Framework

Students' associations need to be strong and effective in order to fulfil their role in the partnership, and both the college and students' association have a key role to play in making that partnership a success. The Framework has been developed through strategic dialogue with the college sector including colleges, students' associations, government, and sector agencies. Its purpose is to set out a sector-agreed framework for how colleges and students' associations can work in partnership, with the support of sector agencies and NUS Scotland, to develop strong and effective students' associations.

This Framework therefore provides:

- a shared vision for students' association development and a common understanding of its key concepts and qualities.

It is accompanied by a Self-Evaluation and Development Planning Tool which outlines:

- a set of standards and indicators/ prompts which identify the resources and support a students' association needs to be effective.

The Self-Evaluation and Development Planning Tool enables colleges and students' associations to measure the current level of development of their students' associations and college/ association partnership against the broad Principles of the Framework, to identify strengths and areas for development, and to agree actions for a Development Plan.

Implementing the Framework

As the students' association and the college both have key roles to play in ensuring students' association effectiveness, a partnership approach is essential for the effective implementation of this Framework.

Joint Working Group

Students' associations and colleges will want to set up a Joint Working Group to implement this Framework locally. Membership of this group should include student officers and senior college staff. Some partnerships may have already established groups which can take on this remit.

Resources and Support

In order for students' associations to be able to develop they need resources and support. Dedicated, highly skilled staff who are accountable to the students' association are absolutely fundamental to developing effective students' associations, and to their ongoing success. Students' associations will also need buy-in and support from all college staff.

Resources and tailored support is available nationally from sparqs and NUS Scotland.

Development of the Framework

The Framework has developed out of the increased focus and expectations placed on students' associations as a result of the Post-16 Reforms first identified in the Review of Further Education Governance in Scotland. The review recommended that "Student participation and representation become a commitment across the College Sector. Student Associations should be strengthened and become appropriately funded, autonomous and sustainable."[5]

NUS Scotland, SFC, and the Scottish Government led on the development and were joined by a representative from the Regional Chairs Group to provide high level sector support. Four Strategic Dialogue Events were held in May 2014 at which over a hundred and fifty delegates from across the college sector discussed good practice and areas for development in their students' association and college partnerships, and their vision for the future. Feedback on the final draft of the Framework was sought from seventy stakeholders at Validation Events in January 2015.

Through these events common themes were identified and these have guided the development of the Framework. Some key themes included:

- The need for a common language or framework for students' association development.
- The need for the development of both a culture supportive of students' associations and the embedding of processes and structures to enable students' associations to function effectively.

Some of the key issues identified included:

- Lack of resources, both in terms of operating budget and dedicated association staff and paid officers. However, associations who had accessed temporary funds cited their increase in sabbatical officers and dedicated staff as key factors in their success.
- Lack of autonomy, and confusion over what is meant by that term, and unclear accountability processes.
- Need to develop partnership working between the association and all levels of the college.
- Difficulty maintaining and building on achievements over multiple years.

Introduction to the Principles and Themes

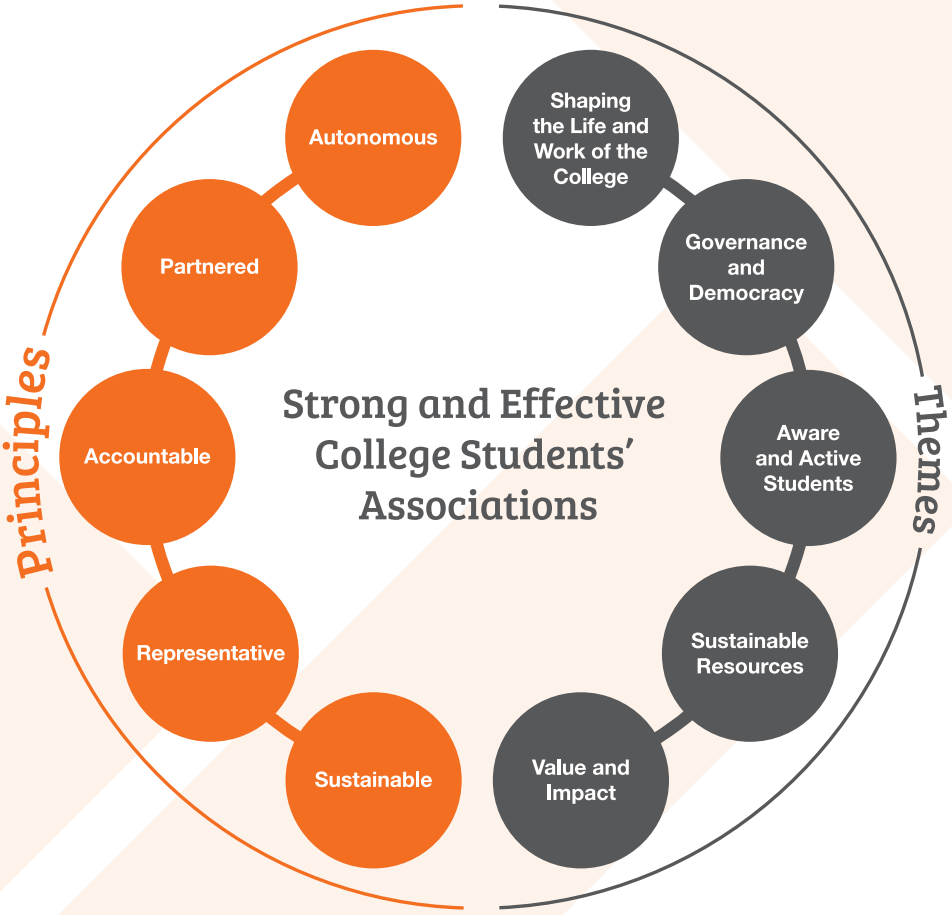
There are two interdependent factors which are key to developing and sustaining effective students' associations. These are:

One: A culture within the college which actively values, supports, and encourages the students' association to develop and deliver its autonomous, representative role.

The Principles section outlines five key principles that must underpin, and drive forward, all the development and work of students' associations if they are to operate effectively.

Two: A scaffolding of resources, working structures, processes, and procedures which govern the students' association and ensure that it is able to deliver its responsibilities and manage the changeover between student officers and between staff.

The Themes section outlines five areas of development that colleges and students' associations will need to work together to put in place in order to enable the students' association to develop the key Principles and to fulfil its role effectively.



The Principles

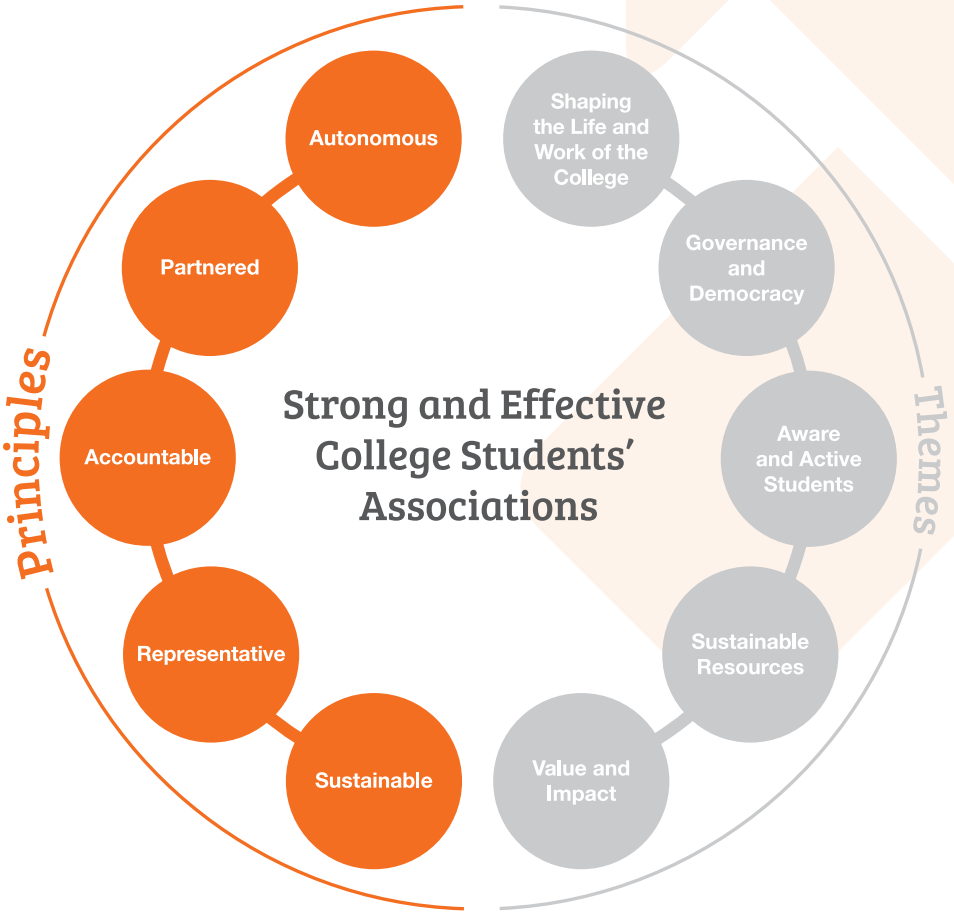
The Principles

There are five Principles:

- Autonomous.
- Partnered.
- Accountable.
- Representative.
- Sustainable.

These Principles together make up the foundations of strong, effective students' associations and a culture which enables students' associations to thrive. This section of the Framework provides definitions of these Principles that students' associations and colleges will need to develop and implement.

All of the Principles are interdependent and therefore need to be developed simultaneously in order to succeed. If not, the students' association risks becoming unstable and will be unable to fulfil its representative purpose. For example, a students' association which has a well-developed Partnership will lose all progress if it's not also Sustainable. Similarly a students' association with a well developed representative structure will not be able to speak in an unbiased, independent student voice if it is not also Autonomous.



Autonomous

An autonomous students' association is one which enables students to articulate an independent student voice, and which can ensure that voice will be heard at the highest levels. Students determine its internal organisation and representative structures. Student representatives act according to the student determined priorities and policies and engage with college leaders as equal partners to negotiate how these priorities will be implemented.

Why Autonomy is Important

Autonomy enables students to determine their own policies and priorities independently which means that they are able to set the agenda for discussion and ensure the focus is kept on students. This enables the students' association and college to build a stronger relationship as the college is able to hear un-influenced truth about the quality of learning and teaching and the wider student experience

The students' association and college must be able to act as critical friends to each other, supporting each other to grow and develop. Students' association autonomy rebalances the distribution of power between the association and the college by ensuring the association is able to determine its own direction. This gives student officers the confidence to raise student identified issues, speak in an impartial and unbiased voice, and disagree with the college without fear of repercussions. Equally, the college should feel able to offer advice and recommendations to support the association while being mindful of the power differential between the association and college and ensuring that recommendations are not misinterpreted as directions.

By working together as equal partners in this way the students' association and the college can deliver stronger outcomes for students.

Autonomy will mean different things to students' associations at different stages of development; some will want to develop as separate organisations, others will be more comfortable with a greater degree of closeness with the college. As the principles outlined in this Framework are embedded, self-determination will develop and grow.

Key Characteristics

- The college, as the association's principal partner and funder, recognises the natural power imbalance and the degree to which it could unduly influence the association. It therefore releases its controls over the association and actively supports its autonomy.
- The students' association is able to decide, within its agreed budget and financial management procedures, how to use the resources and support it receives from their college. It is supported by staff who are accountable to the association and who can provide advice and guidance.
- The students' association has organisational autonomy. It is able to decide how best to organise to represent its students, and make decisions on its own structures and processes. It has procedures and processes in place which enable it to resolve any internal issues itself, and sufficient resources to manage its own structures.
- The students' association is able to develop and articulate an independent student voice; students can decide their own priorities, ideas, and plans. The students' association's right to run campaigns is recognised and supported.
- The students' association is able to take ownership of projects and responsibilities. It has the 'freedom to fail' and to learn from its experiences.
- The students' association is included in the colleges' governance and decision making processes as an equal partner, not as a sub-department of the college.

Partnered

A college and students' association in partnership have an equal relationship based on mutual value, trust, and respect. They have clearly agreed roles and responsibilities and work together to deliver positive change for students.

Why Partnership is Important

Partnership is a widely accepted concept in colleges in Scotland. Effective students' associations are built on a strong, equal partnership between the students' association and the college.

College support is key to students' association success, and strong partnership is fundamental to the development of strong and effective students' associations. The relationship between the two organisations, and between college staff and student officers, is therefore key.

There will be times when the students' association and college will disagree. A strong partnership relationship enables the students' association and college to disagree on some areas, and the students' association to campaign on college policies, while continuing to respect each other, and to work in partnership on different areas of work or policy. Assurance that the partnership will survive disagreement gives the students' association confidence to act as a critical friend.

Partnership working is the most effective way for students' associations to deliver change, and therefore a strong partnership relationship between the students' association and the college enables the students' association to represent students effectively within the college's decision making processes and achieve positive change on their behalf. This also enables the students' association to contribute effectively to college governance and quality procedures.

Key Characteristics

- The roles and responsibilities of the association and the college within the partnership are clear and understood. In particular, the association's role as the college's 'critical friend', and the importance of this role to college governance, is understood by college staff. Both partners have realistic expectations of each other.
- The students' association and the college have embedded partnership procedures through which they can work together to achieve change and which are supported by regular and open communications.
- Partnership working takes place at both strategic and operational levels. The students' association is involved in all decision making which impacts students. Both the college and the students' association supports their partner to work more effectively, for example, taking each other's priorities and vision into account when developing strategic plans.
- The college ensures that their students' association has the support and resources it needs in order to realise their ambitions.
- The college and the students' association respect each other, recognising that they both bring a unique and valuable perspective to the partnership, and work to build trust, being mindful of the other's perspectives. For example, the association utilises its resources responsibly and the college hands areas of responsibility to the association.
- The college encourages student officers to develop into equal partners and avoid slipping into a 'teacher-student' or 'employer-employee' relationship which could put the officers' ability to think and act autonomously at risk.
- The college works proactively with the association, is actively committed to partnership working to create a direct positive impact on the student experience, and validates the importance of the students' association's role.

Accountable

An accountable students' association has clearly defined lines of accountability for its policy decisions and for its performance. It is accountable to its student members for what it says and does on their behalf. It is accountable, where appropriate, to its college's governing board for its compliance with the 1994 Education Act, the agreed terms and conditions of the funding it receives from its college, and for its performance against any other such agreements the students' association and the college have made in partnership.

Why Accountability is Important

An accountable students' association knows what it is responsible for. Responsibility encourages the association to take ownership of its activities.

If the students' association is not accountable to its student members then it loses its legitimacy as the voice of students and is unable to fulfil its role in its partnership with the college. Conversely, an accountable students' association can speak on behalf of the student body with authority and credibility.

An accountable students' association supports the college's governing body to fulfil its responsibility under legislation to seek to ensure that there is a students' association which represents the interests of its students.

Robust accountability processes enables the students' association to develop autonomously because they give the college and students reassurance that it can self-monitor and function effectively day to day.

Key Characteristics

- The students' association has clearly defined and understood lines of accountability which have been developed in partnership. Expectations are realistic.
- The students' association takes its mandate from the wishes of its students, and regularly and formally justifies what it says and does on their behalf to its student members. Student members understand their right and responsibility to hold their association to account. Democratic processes are the means by which the students' association is held to account for its policy decisions. The students' association also has other governance processes, such as a Trustee or Advisory Board, which complements and enforces the democratic processes and hold the students' association to account for its overall functioning.
- There are formal arms-length processes in place, though not line management of sabbaticals, through which the college can scrutinise the students' association and thereby uphold its legal responsibilities. This may include written agreements for delivery of services. For example, as part of budget negotiations reasonable terms and conditions may be agreed; the college should ensure that these do not overly limit association decision-making.
- The college supports the functioning of the association's democratic procedures. For example, providing meeting space, facilitating publicity, encouraging students to attend meetings and participate in elections, etc.
- The students' association has robust financial processes through which it is held to account for expenditure against its budget.
- Student officers who are also college board members are accountable to the board in their role as a board members, and to the association in their role as representative officers.

Representative

A representative students' association takes its mandate from its student members through its democratic processes. It speaks on their behalf with a collective, evidenced, and informed voice and is able to make claims, negotiate solutions, campaign, and create the change its members want. Its officers are elected through free and fair elections.

Why Representation is Important

A students' association must be representative in order to fulfil its core function of representing the interests of all students. It is important that the quality of the representation is high in order to ensure that the students' association is performing its function well and giving value to the students it represents. This increases the association's legitimacy in the eyes of the students, the college, and national bodies.

A representative students' association will challenge the college on occasion. This is important as it demonstrates that the association is fulfilling its roles and bringing issues which might be damaging to the college to its attention. If the association never challenges the college, this should be a cause for concern.

A representative students' associations has the right to speak out on issues of interest to its student members. If an acceptable compromise cannot be reached through the association and the college's partnership working structures the students' association must have the ability to continue the campaign through other methods. Preventing the students' association from doing so would be preventing it from representing its students. It is therefore important that the college understands that the students' association can exercise this right and it is important that the association takes into account the college's concerns when it does so.

Key Characteristics

- The students' association represents the interests of its students and should not be dominated by the views of a vocal minority. It is able to evaluate the different voices of the students it represents in order to develop a single students' association vision. A representative students' association understands that the majority opinion is not always the representative opinion, and ensures that the interests of disadvantaged minority student groups also shape students' association policy. On occasion, this may mean that the needs of the few will outweigh the wishes of the many.
- The college recognises and values the benefits of the students' association's representative role to the quality, life, and work of the college. It supports the association to gather evidence, influence decision making, and have an impact on student lives.
- The students' association supports all students to have a voice on decisions that affect them. The students' association actively engages with students with protected characteristics and with 'non-traditional' students to ensure it is representing different groups and that its democratic processes are accessible.
- Officers are elected in free and fair elections, receive training in their representative role, and are supported by skilled staff.
- The students' association has effective democratic and accountability structures. Class reps and student members are able to actively engage in the democratic processes and ensure that the association speaks in a legitimate voice.

Sustainable

A sustainable students' association is able to function effectively and deliver its core representative purpose, at the same or a higher level, year after year. There is continuity of organisational memory, skills, plans and structures.

Why Sustainability is Important

Student officers are elected for one year terms, and most will serve only two. Under the 1994 Education Act students may only serve two paid terms in total at an institution. This means that there is a high turnover of student leadership within the association. If a students' association is not sustainable it has to start from the beginning every year, which means that it can do very little to fulfil its representative purpose.

Sustainability ensures that all the work and resources put in to students' association development are not wasted, and that there is value for money, because the achievements of one year are not immediately lost. Because the students' association and the college are not continually 'reinventing the wheel' structures and activities can be reviewed and improved in an incremental and organic way.

Sustainable does not mean the association is self-funding; a students' association reliant entirely on commercial activity would be very unsustainable as funding could never be guaranteed, and commercial efforts would leave little time for the association to deliver its representative purpose. The college will need to ensure that the students' association has the resources and support it needs to function effectively. The support and advice needed by the association may vary year to year.

Sustainability of structures and resources makes future planning possible, and enables the students' association and college to embark on long term projects and services which improve the student experience.

Key Characteristics

- The students' association has the resilience and flexibility to respond to challenges and solve problems using its own structures and processes.
- The students' association has long term dedicated staff who ensure the organisation continues to work and develop year on year, who manage progression planning and knowledge transfer, and who develop partnership relationships with college staff.
- The students' association is not person dependent or vulnerable to changes in leadership. It is able to maintain its structures and processes, and maintain and increase its levels of effectiveness regardless of changes in personnel and relationships due to elections and staff changes. It is not reliant on the goodwill of individuals.
- The primary responsibility for supporting and advising the students' association is written into the role of a key senior college staff member.
- There is effective progression planning, handover, and induction for students' association officers.
- The students' association is able to make long term plans for the future. Student officers are able to leave a legacy, and incoming officers are able to build on the achievements of previous years.
- The students' association has continuity of funding and resources. These are taken into account during the college's planning processes.
- There is continuity of organisational knowledge, planning and activities, structures, and processes. This includes both internal students' association processes, partnership processes with the college, and resources.
- The students' association has a college who is committed to partnership working.

Themes

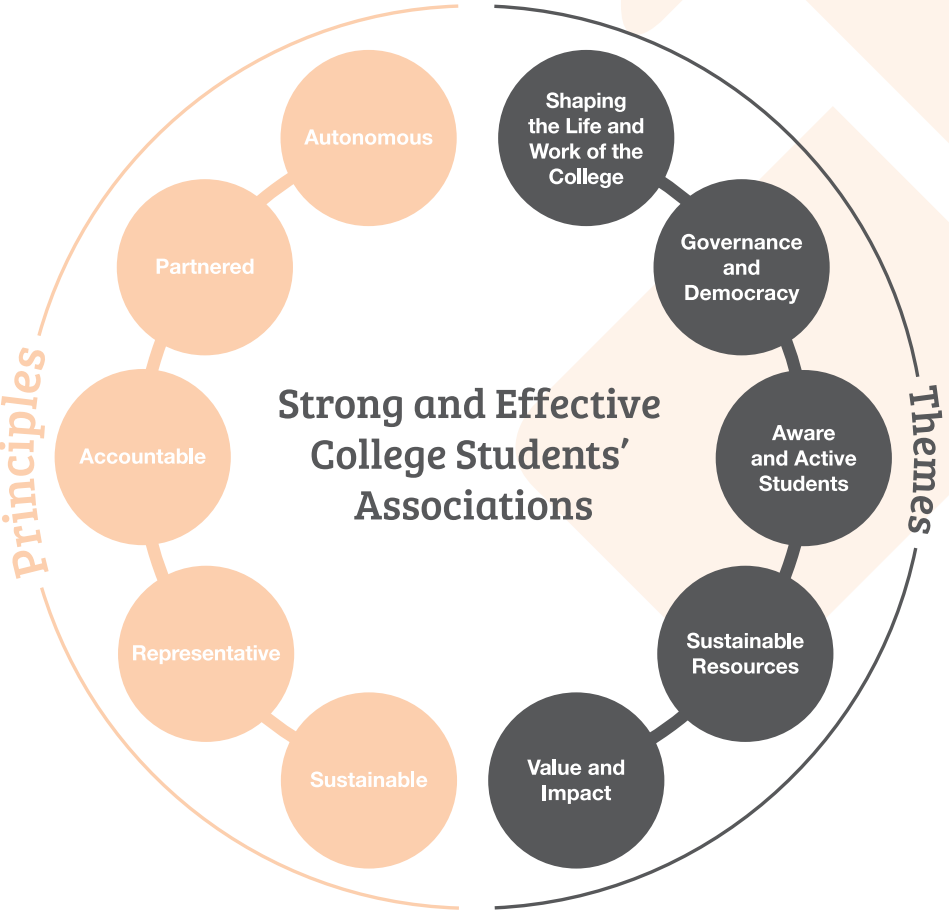
This section looks at the processes, procedures and structures – 'the scaffolding' - that enables a students' association to function. These are the practical steps and actions that students' associations need to take in order to embed the Principles and to represent the interests of their students effectively.

These development actions have been organised into five thematic areas:

- Shaping the Life and Work of the College.
- Governance and Democracy.
- Aware and Active Students.
- Sustainable Resources.
- Value and Impact.

Each Theme feeds into and enhances the quality of the others. Each Theme also contributes to all five of the Principles. Students' associations and colleges therefore need to move forward on all of them together.

This section introduces each of the Themes and briefly summarises the elements of development they cover. The Self-Evaluation and Development Planning Tool breaks each Theme down further into actionable measures.



Shaping the Life and Work of the College

This Theme looks at how colleges and students' associations can ensure that students, and the student voice, are at the centre of everything that colleges – and the sector – do. It looks at what actions and processes colleges and students' associations need to put in place if students' associations are to be able to act as co-decision makers within the college and be able to influence its direction for the benefit of students and, ultimately, the college itself.

It is about:

- Ensuring that the students' association is regarded as an integral part of the college's governance, quality development, and decision making processes.
- Ensuring that the students' association is fully involved at all levels of the college decision making processes.
- Developing partnership working relationships between the students' association, senior management, board members, and teaching and non-teaching staff.
- Developing the association into an autonomous partner who is able to identify issues, set the agenda for discussion, and act as a critical friend to the college.
- Recognising that the association is a democratic, representative organisation which must be able to campaign for the needs and interests of its members.
- Ensuring that the college engages and consults with students through the association and seeks where possible to collaborate with the students' association on matters of common interest.

Self-Evaluation Measures

- There is a strong culture throughout the college that the association's influence on college policies, strategies, and delivery is highly valued, that the association is a high priority, and that it should be supported to deliver its core purpose.
- Robust, equal relationships based on trust, respect, and frequent communication exist between the association officers and the college staff. They identify, develop, and agree shared values and a shared vision and objectives for the college.
- All college staff, from the Senior Management Team to teaching staff, understand and value the role of the students' association and have clear responsibilities for supporting and facilitating the association's work.
- The partnership has mutually agreed and established equal partnership structures and processes which are embedded in the appropriate documents. For example, a Partnership Agreement.
- Students' associations act as co-creators and co-decision makers and have input into every decision which impacts on the student experience.
- The students' association acts as co-creators in the review and development of the curriculum and learning and teaching.
- Students' associations set the agenda for discussion as well as responding to the college's priorities.
- Two members of the college's governing body are students nominated by the students' association.
- The students' association is able to represent their students' interests at both a local and a national level, if they choose, and to work with NUS Scotland to ensure this takes place.
- Skilled, engaged class reps contribute to a smooth flow of information from class reps to the student officers, enabling the development of a college-wide evidenced student voice; the class rep system is integrated into the college's quality processes.

Governance and Democracy

This Theme looks at how students' associations and colleges can ensure that the association has an effective and democratic governance structure in place which enables it to represent the interest of its student members. It looks at how students' associations, with the support of their colleges, can develop robust governance systems.

It is about ensuring that:

- The students' association has organisational autonomy and takes autonomous positions.
- The students' association has appropriate lines of accountability in place.
- All student members have the opportunity to influence the priorities, decisions, and actions of the association and to hold their elected officers to account.
- The students' association and college are able to monitor the governance structures to check they are functioning effectively.
- Governance and democratic processes are sustained year on year.

Self-Evaluation Measures

- Student officers make autonomous decisions - informed by student opinion - on the organisation of the association, its priorities, and its activities. Student members are able to influence and shape the students' association's agenda throughout the year.
- The college and students' association ensure that all major officer roles are elected through free and fair elections.
- The association is structured in a way that best enables it to meet the needs of its student members and to represent their interests to the college.
- Student officers are accountable to their student members for the decisions and actions they take on their behalf.
- The students' association has governance structures which complement and reinforce its democracy and which ensure the students' association is appropriately accountable. The college's governing body has confidence that the association is operating effectively and fulfilling its responsibilities.
- Robust procedures are in place to hold paid officers to account and to safeguard their autonomy and ability to act as a critical friend to the college.
- The governance structures and processes are embedded and sustained year on year.
- The association's governance and democratic structures are reviewed regularly to ensure they are functioning effectively.

Aware and Active Students

This Theme looks at how students' associations and colleges can ensure that all students are aware the association exists, that they understand its representative role, and that they are able to play an active role within it. It looks at how the association is able to develop an evidenced, representative student viewpoint.

It is about ensuring that:

- The students' association is visible to students and that it delivers accessible and relevant services which meet their needs.
- Students feel able to bring their issues and concerns to the students' association.
- The students' association is able to gather views from all student groups.
- Student members engage with the association's democratic governance structures enabling them to function effectively.
- Enthusiastic, motivated students take up leadership roles at all levels of the association, from President to Faculty Reps to event organisers, in order for the association to develop and deliver services and activities effectively.

Self-Evaluation Measures

- The students' association is highly visible in all aspects of students' college experience. All students are aware of their students' association, understand its role as their representative body, and know how to engage with it.
- A significant number of students choose to take part in association activities and fulfil their roles as members of a democratic organisation. This will range from attending association organised social events, bringing their concerns to the attention of the association, and voting in elections. Students are able to see the changes that result from their engagement.
- A significant number of students choose to take a more active role in the association. This may be through volunteering as a course rep, organising events, societies, and campaigns, or running for election.
- There is a pool of motivated students running for major officer posts each year, supporting the sustainability of the students' association.
- All students are able to engage with the students' association and make their voices heard. The students' association is able to understand the perspectives of different groups of students and represent them effectively. This includes students on all campuses, part time, evening, and distance learners, students with protected characteristics, and students with additional or complex support needs.

Sustainable Resources

This Theme looks at how colleges and sector agencies can ensure that students' associations have the resources and support they need to function and to deliver their core purpose effectively. Without resources, students' associations can't function.

It is about:

- Ensuring that the students' association has the resources its needs, particularly funding, paid officers, and students' association staff.
- Ensuring that officers and association staff have the skills they need in order to deliver their roles.
- Ensuring that all resources are managed in a way which supports both the association's autonomy and its partnership with the college.

Self-Evaluation Measures

- The students' association has a sustainable funding stream. The funding is at a level which enables it to have functioning organisational structures, to deliver its core representative purpose, and to have a positive impact on the student experience and the life and work of the college.
- There is an agreed process and timeline by which the students' association budget is negotiated and signed off.
- The students' association has robust financial management processes.
- The students' association has dedicated, long term staff who provide continuity, sustainability, and a stable skills base which enables the development and operation of an effective students' association.
- The students' association's major office holders are able to focus on their representative role. They have time to plan ways to increase the effectiveness of the students' association, to engage with hard to reach student groups, to attend college meetings and to build relationships with college staff and, where relevant, the college's regional strategic body.
- Volunteer officers and volunteers in general play a valuable role in the association, increasing its capacity, ensuring it has officers who are also current students, enabling students to get involved at all levels and stimulating interest in the major association offices.
- Student officers are equipped with the skills and knowledge they need to carry out their role effectively. There is an effective handover and induction process for new officers.
- Students' association has a dedicated social or office space.

Value and Impact

This Theme looks at how students' associations can prioritise and plan activities that meet the needs of their students and deliver positive change. It looks at how students' associations and colleges can evaluate and measure the partnership's success and ensure that students' associations represent students and have a positive impact on their experience at college. A students' association's success is highly dependent on its college's actions, and so any evaluation of impact must evaluate the contributions of both partners.

It is about:

- Enabling the association to articulate how it is aiming to improve the lives of students, and to evidence and evaluate how well it is succeeding.
- Exploring the other forms of beneficial activities students' associations can deliver, over and above their core representative purpose, and being able to identify the students' association's own priorities.

Self-Evaluation Measures

- The students' association plans its aims and activities to respond to the needs of its students.
- The association has continuity and sustainability of vision and planning and the flexibility to respond to changing contexts and the priorities of newly elected officers.
- The students' association and college evaluate how effectively the students' association is representing students, delivering beneficial impacts to them, and carrying out its plan. They determine whether it needs additional resources and support, and how it can continue to improve and develop.
- The students' association and college demonstrate impact to students and external partners.
- The students' association acts on the evidenced voice of students to represent them and achieves change on their behalf.
- The students' association takes ownership of college services, or works in partnership with the college to deliver them, where students' association leadership can add value to the services.
- The students' association delivers direct services or activities which enhance the student experience. The students' association's core representative purpose is prioritised. These are not essential, and should not be prioritised over the students' association's core representative purpose.

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We would also like to thank all those who attended the events, gave their inputs, and helped to create this Framework throughout the process.

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Website

For full framework and supporting documents see: saframework.co.uk

nus scotland
national union of students

Colleges Scotland

Scottish Funding Council
Promoting further and higher education

The Scottish Government
Riaghaltas na h-Alba

Published June 2015

Guidance Note – Conducting Externally Facilitated Effectiveness Reviews

Scope

1. The Code of Good Governance (2022) states that:

   D 24 The board must keep its effectiveness under annual review and have in place a robust self-evaluation process. There should also be an externally facilitated evaluation of its effectiveness every three to five years. The board should determine the timing for this externally facilitated review as part of the annual effectiveness review. The board must send its self-evaluation (including an externally facilitated evaluation) and board development plan (including progress on previous year's plan) to its funding body and publish them online.

2. The Board Member Development Framework published in November 2015 offered guidance to the sector on board training and evaluation in general. This Guidance Note builds on that and provides more detailed guidance on conducting an externally facilitated evaluation of board effectiveness.

3. Every board will be slightly different and at a different stage of its own development. It is important therefore that the evaluation focuses on the issues of most importance to the development of the board, but the review is also a mechanism to provide assurance to college funding bodies that the level of governance in each organisation is appropriate. It is suggested therefore that the output from an externally facilitated evaluation should be both a basic level of assurance relating to core governance requirements plus an agreed list of actions on areas that board members wish to develop their governance further.

4. This external evaluation process is not intended to duplicate routine work undertaken by internal auditors to assess the governance processes of the organisation either as part of the normal annual audit programme or in order to support the Annual Statement of Compliance in the annual report. Audit reports will however provide helpful background material and should be made available to the external facilitator if appropriate (see below).

Timeframe

5. External Effectiveness Reviews (EERs) should be carried between three to five years after the previous review.

6. The Board should determine the timeframe for the next external review as part of their annual effectiveness review, considering progress against the action plan that resulted from the previous review and the outcome of the annual effectiveness review. The timeframe should meet the governance related development needs of the board and should be responsive to the dynamic nature of governing as a process and may change year on year.

7. The timeframe should meet the governance related development needs of the board and should be responsive to the dynamic nature of governing as a process and may change year on year.

8. The CDN report **Overview of The External Governance Effectiveness Reviews For Scotland's Colleges 2020/21** highlighted that many college boards are 'in transition', and some college boards are in significant transition where several elements are in flux, including the appointment of a new Chair, new Principal, new Board Secretary and / or the appointment of significant numbers of new Board members. In such circumstances it may be advisable for the board to plan for the external review within a shorter timeframe, possibly at the three-year point.

9. For other boards, that might not be facing significant governance issues or challenges the timeframe might be longer, up to five years.

10. It is important that the funding body is kept informed of the board's plans. The time frame agreed by the board should form part of the annual self-evaluation and board development plan that is submitted to its funding body. This should also be published online.

Evaluation Process

11. It is suggested that the effectiveness review should cover the five sections of the Code of Good Governance:

    - **Leadership and Strategy**
    - **Quality of the Student Experience**
    - **Accountability**
    - **Effectiveness**
    - **Relationships and Collaboration**

12. A board may choose to add to those topics if it so wishes. A summary of the detailed requirements covered in each section of the Code and two simple questions that a board may wish to use to evaluate itself are set out in Annex A.

13. The process of the review itself should include a number of steps:

Process
1. Board to agree the areas to be covered in the review (all sections of the Code as a minimum), the process and timescales required.
2. Recruit the independent facilitator who is to provide external validation and agree the proforma or questionnaire to be used.
3. Board members and senior staff who work closely with the board, provide their views to the facilitator on (a) board performance to date (b) areas for future development using a proforma/questionnaire. This process can be done in a range of ways including: i. A board workshop is held that results in an agreed summary of views; or ii. Members and senior staff complete the proforma/questionnaire and the facilitator summarises the results; or iii. The facilitator undertakes 1 to 1 interviews with some or all board members and staff based on the proforma/questionnaire.
4. The facilitator pressure tests the views expressed at step 3 by, as a minimum: o Observing at least one board meeting. o Undertaking a desktop review of: o a sample of board and committee remits, minutes, agendas and papers. o a sample of corporate documents to examine alignment between corporate objectives, the objectives of supporting strategies such as HR, estates and finance and the performance information coming to the board and its committees. o the risk register and a sample of recent audit reports. o the current board and board member development plans, appraisal and induction processes and the skills matrix used. o recent staff, student or stakeholder surveys and any board responses. o any audit reports on governance that are used to underpin the Statement of Compliance in the annual report. o If step 3iii above is not chosen, conducting 1 to 1 interviews with a sample of board members and senior staff including a staff and student board member.

5. The facilitator draws up a draft report summarising the output for steps 3 and 4. The board is given an opportunity to discuss and comment on the facilitator's findings and to draw up an action plan for areas of development over the next 12 months.
6. A final report is provided by the facilitator to the board and the board chair writes to the relevant funding body as required by the Code of Good Governance.

External Facilitator

14. It is common across the public and private sectors for annual governance self-evaluations to be alternated every few years by an external review that is independent of the organisation and is used as a means of validating/calibrating the board's view of itself. A number of companies and individuals undertake this work. It is for each board to decide who it wishes to contract with but the successful person should meet the following minimum criteria:

    - A clear understanding of how to undertake an external governance review of the type required.
    - Independent of the board and the college/strategic body being evaluated.
    - Expertise in board governance with knowledge of college sector governance issues and the requirements placed on its boards.
    - An ability to provide rigorous challenge to the board while developing a constructive relationship with it.

15. Each board will agree the terms of the contract with their reviewer but, as a rough guide, if the reviewer were asked to undertake steps 3-6 above, this might require 5-9 days of their time (step 3iii may require more days if chosen).

September 2022

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
LEADERSHIP AND STRATEGY 1. Board decisions and behaviour reflects the boards Code of Conduct and Nine Principles of Public Life. 2. We determine the vision, direction, educational character, values and ethos of the college. 3. Our performance management system is adequate, identifying KPIs and we monitor progress. 4. Relevant stakeholders are engaged in compiling the outcome agreement. 5. We provide leadership on ethics, equalities, diversity and staff welfare. 6. We have regard to the social and economic needs of our area.		
QUALITY OF THE STUDENT EXPERIENCE 1. The voice of students and the quality of their experience is central to our decisions including monitoring student surveys and any resulting action plans. 2. We have open ongoing engagement with students, working in partnership and encouraging a strong independent student association having regard to the Student Association Framework. 3. Our Student Association is adequately resource, operates fairly and in a democratic manner, fulfilling its duties; it has a written constitution that the board has reviewed in the last five years.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
4. We are aware of and foster good relationships with partner organisations that help us provide coherent learning, including employability. 5. Mechanisms ensure effective oversight of quality and inclusiveness of learning.		
ACCOUNTABILITY 1. We fulfil our primary accountability to our funding body by: a. delivering our outcome agreement. b. fulfilling our statutory duty and terms of our grant. 2. We fulfil our accountability to students, public, employers and our community for provision of education that enhances social and economic wellbeing. 3. We manage conflicts of interest and disclose our register of interests. 4. Our decision making is transparent, informed, rigorous and timely and associated documentation is adequate. 5. Our scheme of delegation to staff and committees is clear and fit for purpose with appropriate two way communication with the board. We ensure: a. we have audit, remuneration, finance and nominations/appointments committees. b. the staff charged with advising each committee are clear. c. committee minutes go to the next meeting of the board.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
6. We set the risk appetite, balancing risk and opportunity and this is known to senior staff. 7. We ensure sound risk management and supporting review systems. 8. The Audit Committee: a. Reviews the comprehensiveness, reliability and integrity of all our assurances on the governance, risk and control frameworks, engaging with internal and external auditors and monitoring any actions recommended. b. Members are all non-executive, objective and independent with at least one having recent relevant financial or audit experience. c. Can hold all or some of its meetings in private, meeting internal and external auditors privately at least once a year. 9. The Remuneration Committee: a. Members understand their role and are trained in it: the chair is not board chair. b. Implements a procedure agreed by the board for setting the principal's salary, including consulting staff and students. 10. We ensure our body's sustainability, complying with the SFC FM the SPFM, ensuring adequate reporting and monitoring and economic, efficient and effective use of our funds. 11. We ensure compliance with charities provisions.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
12. As an employer we: a. promote positive employee relations. b. ensure effective management: union partnerships. c. comply with the Staff Governance Standard. d. comply with any national collective agreements placed on us. e. ensure fair and effective staff management.		
EFFECTIVENESS 1. The board chair provides leadership and ensures board effectiveness, working well with the principal and board secretary. 2. Our board and committees have the right balance of skills, experience, independence and knowledge of the college to fulfil their role effectively. 3. We abide by collective responsibility, taking decisions in the interests of the body and managing conflicts of interest appropriately. 4. Staff and student members are treated as full board members. 5. We have an open and transparent process for recruiting and setting the performance measures for our principal; staff and students can contribute to it. 6. There is a clear understanding of the responsibilities delegated to the principal and the respective roles of the chair, board members and executive staff.		

Code of Good Governance Criteria	Our performance in the last 12 months (including evidence)	Development required during the next year
7. The board secretary is: a. appointed by the board with the appropriate skills and experience and is not a member of the senior management team in any other capacity. b. available to advise all board members and committees and has adequate time to fulfil the role. 8. We have a formal and open board member recruitment process that reflects Ministerial guidance. 9. We have appropriate arrangements for student and staff member recruitment. 10. All members undertake training tailored to their needs (including committee training), new members receive formal induction tailored to their needs and there are records of training. 11. We review the board's effectiveness annually using a robust self-evaluation process, externally facilitated at least every three years.		
RELATIONSHIPS AND COLLABORATION 1. We work in partnership at a local, regional and national level to: a. secure coherent education provision in our locality. b. achieve commonly agreed outcomes. c. develop agreed priorities. d. address local needs as well as national priorities and specialisms.		

College Development Network | Leading Creating Sharing

CODE of GOOD GOVERNANCE for SCOTLAND'S COLLEGES

Guide for Board Members in the College Sector

Your essential guide to being a board member

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Introduction

This short guide provides an overview of the key things you need to know as a member of a college sector board in Scotland. It describes the context of the role, its key duties and responsibilities and it signposts you to other important information that you should be aware of.

Being a board member in the college sector in Scotland is a rewarding and fascinating role but it brings with it important obligations. This guide is designed to complement the Code of Good Governance for Scotland's Colleges and more detailed legal, financial, and good practice documents that exist by providing you with an overarching summary of the role and information on where to go when you need more specific guidance.

On being appointed to a board you become part of a national network of bodies responsible for delivering quality education across Scotland. In most parts of the country responsibility lies with a single **Regional College**:

- Ayrshire
- Borders
- Dundee & Angus
- Dumfries & Galloway
- Edinburgh
- Fife
- Forth Valley
- North East Scotland
- West
- West Lothian

In three parts of Scotland there is a **Regional Strategic Body** with a number of colleges assigned to it:

- Glasgow Colleges' Regional Board (City of Glasgow College, Clyde College, Kelvin College). This is the only part of Scotland with a Regional Strategic Body which has been set up as a separate organisation with only this role.
- New College Lanarkshire is the designated Regional College and Regional Strategic Body with South Lanarkshire College as the assigned college. The Regional Strategic Body is known as the Lanarkshire Board.
- University of the Highlands and Islands which delegates its Regional Strategic Body functions to the UHI FE Regional Board (Inverness College, Lews Castle College, Moray College, North Highland College, Orkney College, Perth College, Shetland College, West Highland College).

In addition, Sabhal Mòr Ostaig and Newbattle Abbey College are funded directly by the Scottish Funding Council and the University of the Highlands and Islands works with a number of other specialist and research partner bodies.

While some of the detailed references in this guide describe the situation for members of the boards of regional colleges rather than Regional Strategic Bodies or other types of colleges, the vast majority of the requirements and expectations set out in this handbook apply to all board members in the college sector. In multi-college regions, accountability arrangements may differ because of the role of Regional Strategic Bodies.

This guide has been produced by the national Code of Good Governance Steering Group. It will be reviewed periodically by the sector to ensure that it remains up to date.

What are you responsible for?

Colleges play a crucial role in the delivery of education and training to young people and adults of all ages in Scotland and are seen as a key means of improving the economic and social well-being of its people. To provide this service colleges work closely with local, regional and national bodies in both the public and private sectors.

Colleges are primarily funded through annual budgets awarded by the Scottish Funding Council (sometimes through a regional strategic body) but many colleges also earn income from providing tailored training services to employers and from applying for grants from a variety of bodies.

As a member of the college's board you, and your fellow board members, are responsible for ensuring the quality of the education provided, and also that it is delivered in a way that offers value for money. The board is the governing body of the college and has a legal responsibility to 'manage and conduct' the affairs of the college in such a way that its staff deliver the required services. However, as a non-executive member of the board (i.e. all board members except the Principal) you are not expected to be involved in the delivery of the services themselves – that is the job of the staff the board employs.

You must also ensure that your college has a students' association that is effective and properly run and that your college works in close partnership with it, while respecting its autonomy.

The governance role of your board is therefore vital and you and your college are required to abide by the Code of Good Governance for Scotland's Colleges.

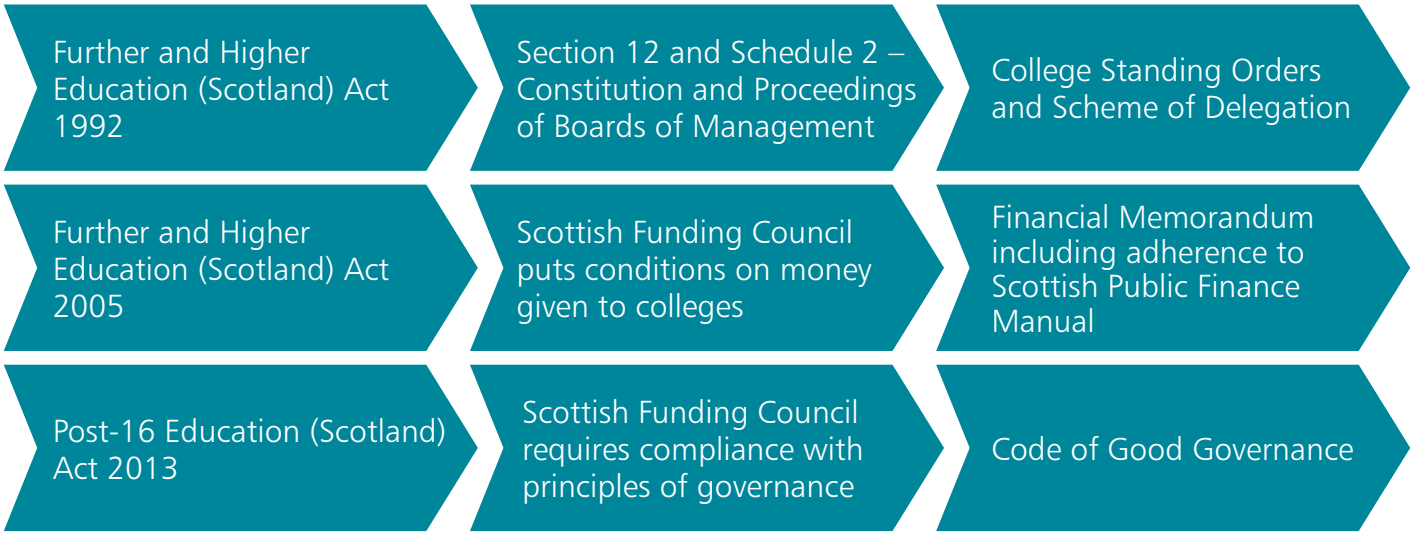
As the employer of the college's staff, the board also has a duty of care to its employees, abiding by its employment responsibilities and ensuring that the college has the right number of staff with the right skills to deliver the services you require.

If you are a member of the board of a regional college you have a number of additional legal responsibilities. These include ensuring your college does its best to understand and improve the economic and social well-being of your region and that it works with others to ensure that the education on offer is coherent and meets the skills needed in your area.

If you are a member of the board of an assigned college which is accountable to a Regional Strategic Body, your board is responsible for making sure that its plans have regard to the strategy developed by that body for your region.

Many colleges are also registered charities and if this applies to your college, as a member of its board, you are also a trustee of the charity. That brings with it a number of statutory responsibilities including the duty to act in the interests of the charity, subject to other legislation of course, and to ensure the college always operates in a way which is consistent with its purpose.

In addition to the diagram below, other examples of core legislation that affect colleges are Section 24 of the Further and Higher Education (Scotland) Act 1992 and Section 7(2) of the Further and Higher Education (Scotland) Act 2005 which govern situations of board failure and decisions on which bodies are funded by the SFC respectively.



The diagram above illustrates some examples of how legislation that governs the sector is translated into the college documents that you will come across.

In summary, most bodies in the college sector have been established by legislation and their key responsibilities can be tracked back to various Acts of Parliament. This is usually the basis on which the Scottish Funding Council or Scottish Government place requirements on the sector. Colleges must then turn these into day to day processes and procedures.

Detailed information on your responsibilities as a board member or charity trustee can be requested from your board secretary and more information can be found on the following weblinks:

http://www.sfc.ac.uk/
http://www.gov.scot/ - section on colleges
http://www.oscr.org.uk/charities/managing-your-charity/trustee-duties
http://www.legislation.gov.uk - Post 16 Education (Scotland) Act 2013
http://www.scottishcollegegovernance.ac.uk
http://www.scottishcollegegovernance.ac.uk - Code of Good Governance
http://www.saframework.co.uk/
UHI Governance Slides and Lanarkshire Order at:
http://www.collegedevelopmentnetwork.ac.uk/sec-board/secretary-to-the-board-dev-net

Who are you accountable to?

As a member of a college board it is your responsibility to ensure that you employ staff who are able to deliver on the functions of your college but you, together with your fellow board members, remain accountable for their delivery. In other words, the buck stops with you.

As an effective board member, you and your board colleagues must ensure that you understand who you are accountable to and take time to build and maintain relationships of respect and mutual understanding with them. In essence, you are in a position of trust, accountable for delivering a crucial service to those who are funding your college and who rely on it for education and training.

> Take time to build and maintain relationships of respect and mutual understanding.

On occasion you may find that the requirements of those you are accountable to differ and it is hard to balance them. That challenge of ensuring proper balance, taking account of legal and financial responsibilities, is at the core of the job of being a board member.

Some of the key people or organisations that can hold you and your board to account are outlined in the diagram opposite.

Scottish Ministers

They are the primary funders of the college sector (via the Scottish Funding Council) and they are accountable to the Scottish Parliament for the delivery of education and training in Scotland. Scottish Ministers task the Scottish Funding Council with holding boards to account for delivery of their policies and associated legal requirements, including adherence to the Financial Memorandum and the Scottish Public Finance Manual. In addition, Ministers appoint the chairs of regional college boards and regional boards. They also approve the appointment of other members of those boards (except prescribed members, e.g. principal, staff and student members) and issue guidance on the appointments' process. Ministers

Key accountability relationships

can, if necessary, remove board members if there is board failure.

Students

Anyone who attends your college as a student has a right to expect an appropriate quality of education or training in an environment which is safe and supportive. As it is hard for them to hold the board to account individually, you should make every effort to ensure that you listen to the views of students and keep their needs central to the work you do. The students' association is an important body for helping you with that task.

Scottish Funding Council

This is a public body set up by legislation and tasked by Scottish Ministers with overseeing the detailed relationship with the college and university sectors. This includes deciding on the funding given to individual regional colleges, Regional Strategic Bodies, and the few colleges funded outside the regional arrangements. The Scottish Funding Council also holds bodies in the college sector to account for their financial discipline and delivery of agreed outcomes, as well as the quality of education provided. These agreed outcomes are captured in an Outcome Agreement drawn up between the SFC (or Regional Strategic Body) and the college.

Regional Strategic Bodies

If your college is assigned, it is accountable to its Regional Strategic Body which has been set up by law to provide funding and ensure high quality and coherent further and higher education in the area. It is important that you and your board colleagues work in close partnership with the other colleges in your region and with the Regional Strategic Body.

Employees

The senior management team of the college will be responsible for day to day relations with staff but the board, as the employer, is accountable for ensuring the right policies are in place and implemented to fulfil its duty of care and wider responsibilities to its staff. This includes ensuring positive employee relations and trade union dialogue.

Employers/businesses

Any organisation that relies on the college to provide training and education for its staff will expect an appropriate quality of service. In addition colleges and Regional Strategic Bodies are expected to make a contribution to the wider skills requirements of their area by tailoring the curriculum, as far as appropriate, to the needs of local employers.

Regional partners and community

All publicly funded bodies in Scotland are expected to work with other partner bodies in order to make the most of their resources and to deliver real benefits for people and their communities. Colleges are expected to contribute to their local Community Planning Partnership and its Single Outcome Agreement and are expected to reflect its priorities in their own plans.

Scottish Parliamentary Committees

They have a duty to hold Scottish Ministers to account and, as part of that role, they may from time to time seek information and evidence from colleges. In addition, the Public Audit or the Education and Culture Committees of the Parliament will occasionally hold individual colleges to account if there is evidence of weak management or governance.

Your personal liability

As a board member you will not be held personally liable for any decisions taken by your board or college as long as any actions you take or decisions you make are done 'honestly and in good faith'. Your board secretary can give you more detailed guidance on this.

Accountability to other bodies

In addition to the people and organisations listed here, a college is required to operate within a range of other legal frameworks. These include the Office of the Scottish Charity Regulator, the Scottish Public Finance Manual's audit requirements, Freedom of Information legislation, the Ethical Standards Framework and, in some instances, company law. Ask your board secretary for information on bodies that hold your college to account. Further information on topics mentioned here is also available at the following weblinks:

http://www.oscr.org.uk/
http://www.audit-scotland.gov.uk/
http://www.gov.scot/ Scottish Public Finance Manual
http://www.itspublicknowledge.info/home/ScottishInformationCommissioner.aspx
http://www.scottish.parliament.uk/parliamentarybusiness/committees.aspx
http://www.gov.scot/Topics/Government/PublicServiceReform & Community Planning
http://beta.nusconnect.org.uk/nus-scotland/

What are your main duties?

Your overarching duty is to use your skills, knowledge and time to work as best you can with your chair, fellow board members and staff to ensure that your college fulfils its responsibilities. The power to make decisions and hold staff to account in order to deliver these responsibilities lies with the board as a whole and not any individual board member.

Basic duties of the board
Provide leadership, direction, and support to the organisation, setting its strategy and priorities.
Promote commitment to the values and ethos of the organisation including equality and diversity.
Ensure satisfactory delivery of the organisation's performance and financial objectives, high quality learning and outcomes, and a good learning experience.
Be accountable to and maintain the trust of key stakeholders.
Comply with relevant legal and financial requirements including the Scottish Public Finance Manual.
Ensure identification and control of the main risks to delivery of the organisation's responsibilities and business objectives.
Ensure staff have the appropriate skills, knowledge, culture and working environment.
Adhere to the sector's Code of Good Governance and the college's relevant Financial Memorandum.

As a non-executive body, the board's duty is to ensure the organisation delivers for its funders, students and region; the board does not undertake the day to day work but it ensures it has staff that can do this. The board's role is a strategic one which means it focuses on:

- Deciding what the organisation needs to achieve
- Monitoring delivery of those goals
- If the goals are not being achieved, understanding why and either ensuring the approach is adjusted or changing the goals.

Your board may have its own detailed role description and responsibilities but all boards fulfil the basic duties (see table left).

Your contribution to this collective effort will vary to some extent depending on your own skills and knowledge but all board members must fulfil the following basic requirements:

- Contribute to board discussions in a constructive and supportive manner, explaining your thinking and listening to others
- Scrutinise your organisation's performance and, when necessary, provide challenge to senior staff and fellow board members

- Give the required amount of time to the role, attending meetings unless previously agreed with the chair and be properly prepared for meetings
- Accept and share corporate collective responsibility once the board has made a decision on anything
- Devote time to understanding your organisation and its operational environment
- Take part in an annual board member appraisal process overseen by the chair, taking up opportunities for training to acquire and keep up to date your skills and knowledge
- Represent your board or organisation at college, regional or national events as required
- Build relationships of trust and mutual respect with other board members and senior staff
- Abide by any confidentiality requirements subject to Freedom of Information laws
- Uphold and promote the required standards of behaviour and values.

Staff and student board members will bring particularly useful knowledge and perspective to the board table and are full board members who have all the same rights and responsibilities as their board colleagues.

Financial stewardship

Pay particular attention to any novel or potentially contentious financial transactions such as the payment of severance or early retirement payments to staff. Additional information on what constitutes good practice when considering severance payments can be found at the following link:

http://www.audit-scotland.gov.uk/docs/central/2015/nr_150402_scotlands_colleges.pdf

Board member development framework

As a board member you have a duty to build your knowledge and skills and keep them up to date but you can expect to be supported. You are entitled to ask your chair, board secretary and senior staff to help you identify and build the knowledge and expertise required for the role. This might range from basic information about the role of a board member, information on the college itself, the views of its students and its staff, through to an appreciation of the wider external environment in which the college and its board need to operate.

Being on a college board is a complex job and the good board member never stops building their knowledge and expertise. For that reason the sector has a Development Framework to support board members with written material, newsletters, seminars, checklists, and workshops at college, regional and national level covering the four areas of required development: non-executive skills; organisational knowledge; team working and knowledge of the external environment.

Further information on the training and development support that is available to you can be provided by your chair and board secretary.

Four pillars of non-executive development

The sector's national membership bodies, Colleges Scotland and College Development Network, will also offer information and training. Please see:

http://www.collegesscotland.ac.uk/
http://www.collegedevelopmentnetwork.ac.uk/development-networks/cdn-home

How are you expected to behave?

When you accept the post of a board member or chair you take on a public role and you need to abide by the standards of behaviour expected of anyone in such a role. Your behaviour and how it is perceived by others will impact on the reputation of your board and organisation.

Code of conduct

All board members will be asked to sign your organisation's Board Member Model Code of Conduct. This is a legal requirement; the content of the Code is set down by Scottish Government and you need to make sure you read it and abide by it.

The Code of Conduct is based around Nine Principles of Public Life that apply to everyone who takes on a public role. These are outlined below.

While the chair, board secretary or senior staff should help you understand the Code and can offer advice, *the responsibility for adhering to it is yours alone*.

If anyone believes that you have breached this Code they can complain to the Commissioner for Ethical Standards who is entitled to investigate the circumstances. If s/he believes you have breached the Code s/he is required by law to refer the matter to the Standards Commission which is likely to hold a public hearing into the allegations. This can lead to suspension or even disqualification from the board if you are found to have breached the Code.

Your board secretary will give you more detailed guidance on the Code and you can find more information from the following links:

http://www.gov.scot/Model Code
http://www.standardscommissionscotland.org.uk/
http://www.ethicalstandards.org.uk/

NINE PRINCIPLES OF PUBLIC LIFE IN SCOTLAND

- Duty/public service
- Selflessness
- Integrity
- Objectivity
- Accountability and stewardship
- Openness
- Honesty
- Leadership
- Respect

Conflicts of interest

It is vital that board members are trusted to make decisions that are in the best interests of the college rather than being swayed by personal interests or loyalties. In order to maintain that trust you must register any personal interests that could be seen as conflicting with the interests of the college. Your board secretary will maintain this Register. In addition, if you are asked to take part in a board discussion or decision where you have a personal, professional or close family/friend interest which would or could be perceived by others to affect your judgement, you should declare that interest to the meeting and leave the room. The 'objective test' to use for judging if you have a conflict of interest is set down in the Code:

'...whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it is likely to prejudice your discussion or decision making in your role as a member of a public body'.

Maintaining the trust of stakeholders is crucial and so remember that it is not just about behaving in accordance with the Nine Principles, you must be seen to do so too.

Conduct outside the boardroom

Upholding high standards of behaviour applies to any events or meetings you attend as a board member and even sometimes elsewhere if people know you are a board member. For example, make sure you maintain collective responsibility for board decisions, do not disclose confidential information and show respect for staff and fellow board members at all times.

Staff/board partnership

It is in the interests of both staff and board members to build a healthy relationship of mutual respect and understanding. Your job, along with your board colleagues, is to scrutinise and hold staff to account for delivery of the organisation's objectives but it is also to provide support, guidance and understanding.

Striking the right balance between these two aspects of the role requires judgement and wisdom. Board members who are too close to staff or who just assume that everything is fine may be failing in their responsibilities to funders or students. On the other hand, board members who are too confrontational or too quick to doubt staff will not gain the best from the partnership.

Here are a few tips to maintain a healthy professional partnership with staff:

- Take time to get to know staff as people, remembering that human beings take time to understand and trust each other.
- Maintain a professional relationship which is neither too close nor too distant.
- Remember that your job as a board member is to decide **what** the organisation needs to achieve; **how** it is delivered (the management and operational actions) are the responsibility of staff (although you will sometimes need to understand the how in order to decide on whether your goals are achievable).
- Make sure you and your board colleagues have a chance to discuss and contribute at an early stage to important matters for decision so that staff can take your ideas into account early enough when formulating recommendations for the board.
- Remember if you are unhappy with something staff are doing or a proposal they make, your first port of call is to check whether your fellow board members agree with you. Staff take instruction from the board as a whole, not individuals.
- A good board has a strong framework of performance management measures that track the things that board members care about and want achieved. Make sure your board is not simply measuring the things that are easy to quantify.

- Asking for assurance or evidence that the risks to your business objectives are properly controlled is not a signal that you distrust staff. All boards must have a framework or map of assurance information, often from independent sources, so that they get early warning of problems arising in their college.
- Often the most effective challenge is simply asking for more information or the evidence behind a recommendation or action proposed by staff; equally remember to explain yourself when you challenge something.
- Board members add most value to a board when they bring different experience, information or perspective. Remember to keep building your knowledge and broadening your perspective throughout your time on your board by taking advantage of networking and training opportunities.
- In addition to your relationship with senior staff, it is vital that you have mechanisms for keeping in touch with the opinions and experiences of staff throughout the college – not only the views passed on to you by senior staff.

Annual appraisals

When you are appointed to a board you become accountable for the proper use of millions of pounds of public money, the provision of good quality education and the employment of many staff. It is therefore unsurprising that the Code of Good Governance requires all boards to undertake a 'robust self-evaluation' of their performance each year, including the effectiveness of their board and committee chairs and individual members.

Those chairs and board members who have been appointed directly by Ministers will also be appraised annually by the Scottish Government. The conclusions of your board's own self-appraisal is likely to be one of the things that informs that process.

Your chair and board secretary will be able to give you more information on your appraisal process. Further information to help you fulfil your role as a board member can be found at the following weblinks:

https://www.gov.uk/government/publications/bribery-act-2010-guidance
https://www.gov.uk/equality-act-2010-guidance
http://www.legislation.gov.uk/ Public Interest Disclosure Act 1998
http://www.sparqs.ac.uk/students.php?page=72
http://www.gov.scot/ On Board publication

Who is there to help you?

Your first source of guidance and advice should be your **Board Chair**. Like you, they are accountable for the delivery of the organisation's duties but, in addition, they have responsibility for ensuring an effective and cohesive board. As part of those responsibilities you can expect them to help you by:

- Welcoming you to the board and making sure you receive adequate induction
- Providing feedback and advice on your contributions
- Ensuring you receive the support and training you require throughout your time on the board
- Encouraging you to make the most of your skills and experience in ways that contribute to board performance.

The **Secretary to the Board** is another key source of support and advice. Board secretaries have a duty to the board as a whole although on a day to day basis they generally report to the chair. They operate independently of senior staff of your college when undertaking this role. Their job is essentially to help the board fulfil its responsibilities and they will help you do this in a number of ways, usually including:

- Organising your induction programme
- Providing detailed information on your obligations and rights as a board member
- Helping you access the training and development opportunities that you require
- Advising you on the business processes used by your board and college.

The **College Principal** will be a fellow board member and is always your main source of information on the day to day business of your college. As the senior member of the executive staff and chief executive of the organisation they are accountable to the board for the delivery of its business objectives and they have responsibility for ensuring that the board receives the information and support it requires. As part of those duties they will help you in:

- Understanding the day to day business of the college, its staff and students
- Having opportunities to engage with staff and students and see the college in operation
- Overseeing the performance of the college
- Being alert to the risks, opportunities and constraints facing the college.

The **Senior Independent Board Member** on your board may also be able to assist you. This is an experienced fellow non-executive board member who will have been designated by you and your board colleagues and is expected, amongst other things, to act as an intermediary with the chair if it is ever required. If your board chooses to have a vice chair, they will sometimes be the same person.

The **Regional Strategic Body** (in multi-college regions) may also be able to offer you advice and information.

There are also a few key sources of advice and information available to you at a national level.

Colleges Scotland and **College Development Network (CDN)** are sector bodies set up by colleges in Scotland to respectively represent the

sector's interests and provide national training and development support to it. As a college board member you have access to the resources of both bodies including:

- Briefing notes and regular information on developments affecting the sector, nationally and internationally
- Seminars and conferences covering issues of interest to college staff and board members
- Training events, resources and good practice guides tailored for the needs of college board members.

NUS Scotland and **sparqs** (the publicly funded body responsible for supporting student engagement in colleges) can help you:

- Support the student members of your board
- Help other board members make the most of the contribution of student members
- Build a helpful partnership with your students' association.

The **Scottish Funding Council** is charged by Scottish Ministers with ensuring the effective and efficient performance of Scotland's college sector. It works closely with the senior staff of each college and Regional Strategic Body and its personnel meet board members from time to time. Its general oversight of the sector means that it can support board members in a number of ways, including:

- Publication on its website of a range of college performance information and good practice guidance which allows board members to compare their college with others
- Making available the annual Guidance Letters it receives from Scottish Ministers which provide the high level strategic context for colleges.

If, as a board member, you ever have serious concerns about the propriety, regularity or governance of your college, and these cannot be resolved satisfactorily with your board colleagues, the chair or senior independent board member, you should inform the Scottish Funding Council or, where relevant, your college's Regional Strategic Body.

A series of on-line resources providing **further sources of guidance** is being developed to help embed and operationalise the principles set out on the Code of Good Governance for Scotland's Colleges. This will be hosted on the CDN website.

Notes

GUIDANCE AND GOOD PRACTICE

for Charity Trustees

OSCR
Scottish Charity Regulator

June 2016
Scottish Charity Regulator

We have updated our guidance to reflect the practical experience of many Scottish charities. The law and charity trustees duties have not changed. What we are trying to do is set out in a more straightforward way what charity trustees must consider, so that they meet legal requirements, ensure that their charities are well-run, and avoid some of the common problems that can arise.

CHARITY TRUSTEE GUIDANCE

OSCR
Scottish Charity Regulator

Charity Trustee Duties

June 2016
Scottish Charity Regulator

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INTRODUCTION

SUMMARY

Charities make a big difference in all aspects of our society. Achieving this requires the hard work and commitment of thousands of charity trustees who give their time and energy to Scotland's charities.

Charity trustees are the people who have general control and management of the **charity** and are responsible for making sure that the charity works to achieve its **charity's purposes** (the reasons the charity exists).

The role of a charity trustee is extremely important and can be very rewarding. It is important for both you and your charity, that you know what your responsibilities are, and understand what you are expected to do. This guidance will help you do this.

What this guidance covers

The charity trustee duties are set out in The Charities and Trustee Investment (Scotland) Act 2005, referred to in this guidance as the **2005 Act**. We, the Scottish Charity Regulator, are responsible for regulating charities registered in Scotland and their charity trustees. This guidance explains what the 2005 Act says charity trustees must do or must not do.

The guidance does not cover all the laws that might be applicable to your charity. It covers the legal duties of charity trustees set out in the 2005 Act, with good practice recommendations and links to sources of advice.

As charities come in all different shapes and sizes, not everything in this guidance will apply to all charities registered in Scotland. In addition, many charities have to comply with other legislation and regulation, for example, charitable companies must also comply with company law.

Who is the guidance for?

This guidance is for:

- Anyone who is a trustee of a charity registered in Scotland.
- Anyone thinking of becoming a charity trustee.
- People working with, or advising, charity trustees.

How to use the guidance

In this guidance, we explore the **general duties** and **specific duties** of charity trustees in the 2005 Act. We give you examples of how these might work and share good practice from our experience as Regulator and from organisations in the charity sector.

Legal requirements are something that the law says you **must do** and are highlighted by the 'Legal Duty' icon:

LEGAL DUTY

Good practice is not required by law but is something you **could do** to help to make sure that your charity is doing its best to comply. What is good practice for your charity might depend on the size or type of charity you are. In this guidance, we try to give examples of good practice that will be applicable to many Scottish charities. Examples of good practice are highlighted with the 'Good Practice' icon:

GOOD PRACTICE

The **glossary** provides you with further information, definitions and descriptions of some key terms. We have highlighted these key terms in **bold purple type**. Clicking on these terms will take you straight to the glossary or the relevant section of the guidance.

The guidance is split into sections to help you find the information most relevant to you and your charity.

MORE DETAIL

Who are the charity trustees?

The people in charge of a charity and responsible for controlling its management and administration are its 'charity trustees'. You may call yourselves a committee, a board, Directors or something less formal but the 2005 Act says you are the charity's trustees and have legal responsibilities.

Charity trustees are the people who control and manage a charity. They are responsible for complying with the law.

There is no minimum age for charity trustees stated in the 2005 Act; however, we would expect charity trustees to be over the age of 16. If any charity trustees are under the age of 16, it would be best to get professional advice to determine if this is suitable and if there are any legal implications. Some model governing documents or specific legal forms (such as a company) state the minimum age of a charity trustee.

The 2005 Act states that charity trustees are the people who have "the general control and management" of a charity. However, there can be situations where people who are not formally appointed as charity trustees can exercise influence and even control over a charity. For example, an elected member or employee of a local authority attends meetings of the charity trustees. The 2005 Act makes the following two points clear:

1. Charity trustees are responsible for the charity and may not pass this responsibility onto anyone else as long as they remain a charity trustee.
2. Any person who, though not formally elected or appointed as a charity trustee, exercises some degree of control over a charity, may still be held legally liable as a charity trustee.

Who cannot be a charity trustee?

Some people are not allowed by law to be a charity trustee. Every charity trustee must make sure that he or she is not breaking the law by being a charity trustee.

Certain people are disqualified from acting as charity trustees:

- Someone with an unspent conviction for an offence involving dishonesty or an offence under the 2005 Act.
- Someone who is an undischarged bankrupt or has a Protected Trust Deed.
- Someone who has been removed under either Scottish or English Law or the courts from being a charity trustee.
- Someone who is disqualified from being a company director.

It is the responsibility of individuals to make sure they are not disqualified from being a charity trustee. Anyone who acts as a charity trustee whilst disqualified is guilty of an offence punishable by a fine or imprisonment, or both.

It is also the collective responsibility of all the charity trustees to make sure that none of them are disqualified. If you know that one of your fellow charity trustees is disqualified and you do not do anything about it, you could be in breach of your charity trustee duties.

If you are not sure if you can be a charity trustee, you can ask us.

Good practice is to:

- Get prospective charity trustees to sign a declaration before their election or appointment to confirm they are not disqualified from acting as a charity trustee.
- Consider whether any other checks need to be carried out. For example, a Disclosure Scotland check for charity trustees working with vulnerable beneficiaries.

In some cases a charity's governing document might say who can and cannot be a charity trustee, for example some charity trustees can only be chosen from the membership of the charity.

Waivers

A disqualified person can apply to us for a waiver to lift the disqualification. You can do this in relation to a specific charity, type of charity or for charities in general. We will take into account all the circumstances when deciding if we can grant a waiver of disqualification. If you want to apply for a waiver please contact us.

What does being a charity trustee mean?

Being a charity trustee means you are fully responsible for how your charity is run and what it does. It does not necessarily mean running the charity on a day-to-day basis and making operational decisions. Your charity might have volunteers or staff that do this.

All the charity trustees share responsibility

All of the group of charity trustees have charity trustee duties – no matter how small your charity is. A duty is something that you must do. The group shares the responsibility equally. No individual charity trustee, for example the Chair or Treasurer, has more responsibility than the other charity trustees do. We call this **collective responsibility**.

See the section on **charity trustee duties** for more details.

How many charity trustees should your charity have?

Your charity's governing document may set a minimum and/or maximum number of charity trustees needed and the minimum number required for a **quorum**. A **Scottish Charitable Incorporated Organisation** (**SCIO**) must have at least three charity trustees as stated in the SCIO Regulations. For other **legal forms** the law does not set a minimum number of charity trustees, but it is good practice to have at least three.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

Sources of help, advice and best practice:

- Local Third Sector Interfaces offer support to voluntary organisations.
- The Scottish Council for Voluntary Organisations (SCVO).
- You may also wish to consult a professional advisor. The Law Society of Scotland and the Institute of Chartered Accountants in Scotland may be able to help you to identify a professional firm with expertise in charity law and accounting.
- The Association of Charity Independent Examiners can help you find a qualified Independent Examiner.
- HMRC will be able to help you with any questions you may have about tax.

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.

- Charity trustee general duties: section 66 of the 2005 Act
- Disqualification from being a charity trustee and waivers: sections 69 and 70 of the 2005 Act
- SCIO provisions: the Scottish Charitable Incorporated Organisations General Regulations 2011

CHARITY TRUSTEE DUTIES

SUMMARY

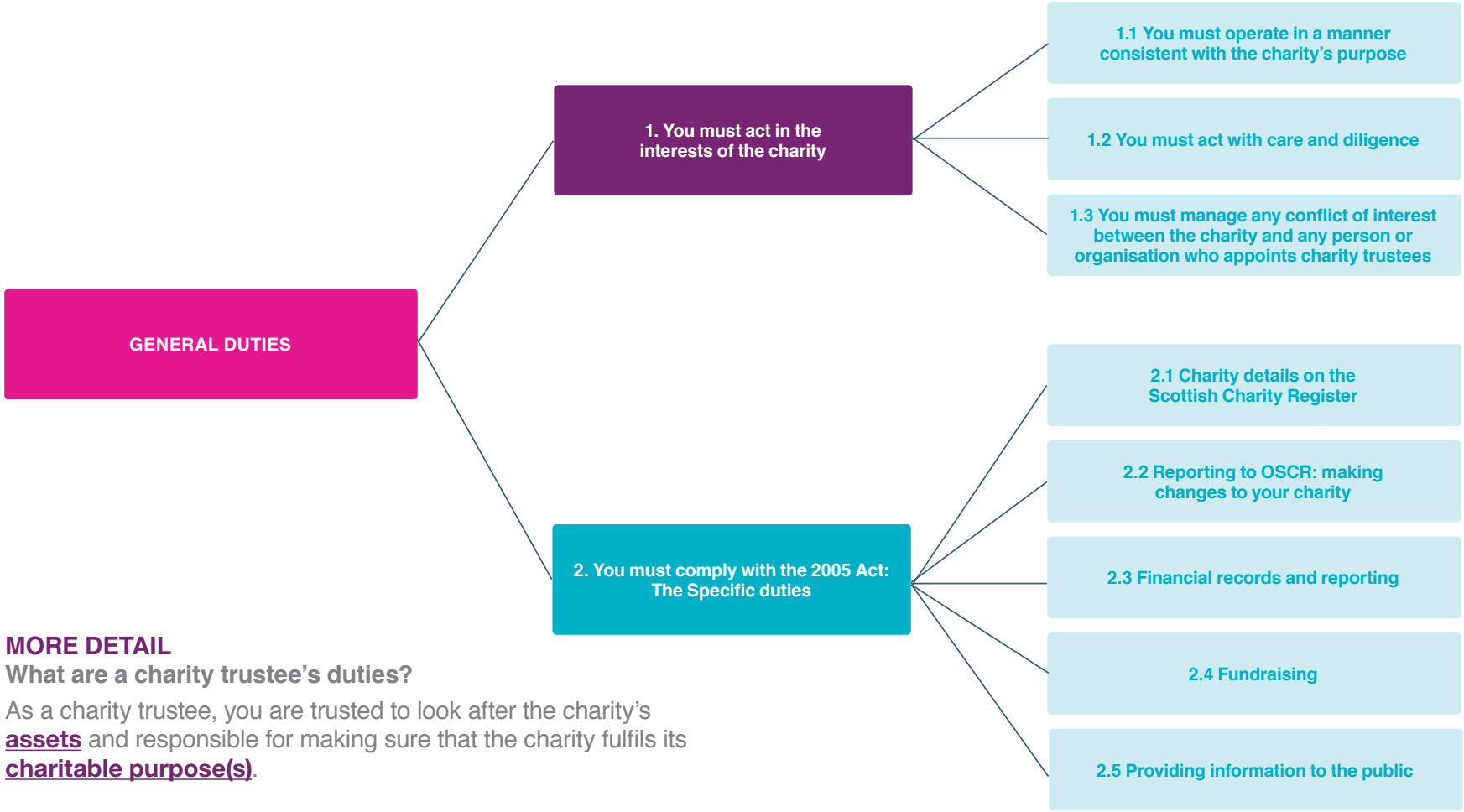
All charity trustees have legal duties and responsibilities under the 2005 Act. A duty is something that you must do, and all the duties must be met. These duties are separated out into general duties, that set out a broad framework that all charity trustees must work within, and specific duties detailed in the 2005 Act.

The general and specific duties apply equally to **all** charity trustees and to **all** charities registered in Scotland. All of the charity's trustees should work together to make sure that these duties are met.

We, the **Scottish Charity Regulator**, work with charity trustees to make sure these duties are understood and complied with. We also have powers to take action where we have concerns about particular charities and their trustees. See our Inquiry Policy for more details.

In this section we explain what the duties are, what the law says you must do and ways that you can meet the duties.

General duties for all trustees



MORE DETAIL

What are a charity trustee's duties?

As a charity trustee, you are trusted to look after the charity's **assets** and responsible for making sure that the charity fulfils its **charitable purpose(s)**.

The charity trustee duties under the **2005 Act** set out a broad framework that all charity trustees must work within.

1. YOU MUST ACT IN THE INTERESTS OF THE CHARITY

LEGAL DUTY

- You must do what is best for the charity and its **beneficiaries**, not what is best for you, your friends or family or your business interests.
- You must put the needs of the charity before the needs of any other organisation that you are involved with, either in a personal or professional capacity.

Where you are faced with a decision where one option would be in your interest and the other in the interest of the charity you must choose the option that is in the charity's interest. To do this properly, you must declare what your interests are, know when it would be better that you did not take part in certain decisions and take appropriate action.

Good practice

GOOD PRACTICE

- The charity has an up to date list (**register of interests**) detailing where charity trustees work and any other organisations they are involved with.
- The charity has a conflict of interest policy that says what charity trustees should do if there is a conflict of interest and what happens if a charity trustee does something wrong. See the **conflict of interest section** for more details.
- There is a policy that makes it clear when a charity trustee, their family or the organisation they work for can be paid, for services provided to the charity. See the **remuneration (payment) section** for more details.
- The charity has the power in its **governing document** to remove charity trustees if they are in serious or persistent breach of the charity trustee duties, or a breach of the requirements of that governing document.

If you are at all unsure, you should declare a potential conflict and the other charity trustees can decide whether it poses a conflict.

1.1 You must seek in good faith to ensure the charity operates in a manner consistent with its purposes

LEGAL DUTY

Your charity's purposes are set out in your governing document (often called a constitution, trust deed or articles of association).

- A charity's purposes are what your charity has been set up to achieve and are the reason your charity exists.
- You must always act honestly and reasonably ("in good faith") when acting for the charity and make sure that the activities advance its charitable purposes.
- You must make sure that the charity's assets are used to advance its charitable purposes. This can be done directly by using an asset to undertake activities or indirectly by investing assets to generate funds for the charity.
- You should understand what the governing document says and means.
- You must make sure that the other charity trustees and people working at the charity follow the rules in the governing document.
- When the charity makes plans, the charity trustees must make sure that any decisions or actions fit with the purposes and powers set out in the governing document.

Good practice

- Every charity trustee has the most recent copy of the charity's **governing document**.
- Every charity trustee gets an induction into the charity and their role when they start.

See the **governing document and meetings section** for more details.

1.2 You must act with care and diligence

The role of a charity trustee will vary from charity to charity. Some charities have staff who are responsible for daily operations, with the charity trustees providing strategic oversight and governance. Other charities are run solely by charity trustees on a voluntary basis. Whatever your charity trustee role involves – hands on or strategic oversight – the decisions you make about the charity should show that you are acting with care and diligence that is reasonable to expect of a person who is managing the affairs of another person.

When you are dealing with the charity's affairs, you should do so as carefully as you would if you were looking after someone else's affairs, for example a relative or a friend.

For example:
You might decide to invest some of your own money on a high risk investment with potentially large returns. You would not be able to do that with the charity's money.

- As charity trustees, you must all work together to advance the charitable purposes, including making sure the charity is run properly, responsibly and lawfully.
- You have to protect your charity including its beneficiaries, assets and reputation. This means understanding and assessing potential risks to make sure decisions are as robust as possible.
- You should have a clear, up-to-date picture of how the charity is doing financially, and the charity should have procedures in place to reduce any risks. All the charity trustees should know what **assets** the charity has and understand any restrictions on how money can be spent. The charity must keep clear financial records and share them with all the charity trustees. See the **charity finances section** for more details.
- You can use the charity's money to get professional advice for the charity if needed.

For example:
If the charity was thinking about undertaking trading activities, it would be appropriate to seek professional advice around setting up a subsidiary company to carry out that trading.

Or

If the charity employs staff, some professional advice on HR matters might be needed.

As charity trustees:

LEGAL DUTY

- You must make sure that the charity has enough money to pay staff and other costs.
- You must make sure that any staff are treated properly and fairly.
- You must make sure that the charity's name and any logo are not used without the charity's permission.
- You are responsible for making sure your charity complies with any relevant laws. For example, health and safety, employment, data protection and equality laws.

Good practice

GOOD PRACTICE

As charity trustees, you should:

- Review and update the charity's plans regularly.
- Agree financial budgets and monitor financial performance.
- Review the performance of the charity and, where necessary, agree steps to improve performance.
- Regularly compare what the charity proposes to do with the governing document to see if anything needs to be changed or updated. See our Making Changes to Your Charity guidance if the governing document needs to be amended.
- Make sure there are rules in place which set out what happens if the charity trustees cannot agree with each other. For example, set out in a **code of conduct**.
- Provide charity trustee induction packs and review the training needs of the charity trustees every year.
- Agree expectations of charity trustees' attendance at meetings and what to do if these are not met.
- Keep up to date with changes in the law that might affect your charity, and make changes when necessary.
- If your charity employs staff make sure there are rules in place to deal with any grievances raised by the charity's staff and/or volunteers. For example, an internal complaints procedure.
- Treat volunteers properly and fairly.
- Report any notifiable events to OSCR, and/or other relevant regulators.

You do not need to be a legal expert yourself but you should know the basics and the laws that apply to your charity's activities and where to get help if you need it. See the **Sources of help, advice and best practice** for details of organisations that can help.

1.3 You must manage any conflict of interest between the charity and any person or organisation who appoints trustees

LEGAL DUTY

As a charity trustee, you are required to act in the interests of the charity.

A conflict of interest which arises between a charity trustee and a person or organisation that appointed them is called an 'appointment conflict'. Where such a conflict arises, the charity trustee must put the interests of the charity first. However, where another duty prevents the charity trustee from putting the interests of the charity first they must:

- Disclose the conflict to the charity and
- not participate in any discussion or decision on the matter.

For example:
A charity trustee appointed to the charity by a Local Authority would need to put the interests of the charity first, above those of the Local Authority.

Conflicts of interest can and do happen in all shapes and sizes of charity, so we have a separate section of the guidance for how to manage them. See the **conflict of interest section** for more details.

Charitable companies also need to be aware of what Company law says about conflicts of interest.

2. YOU MUST COMPLY WITH THE 2005 ACT

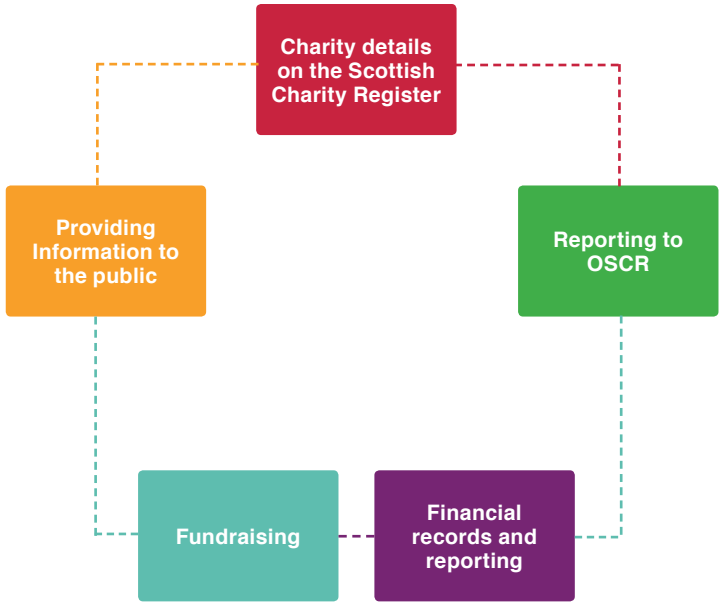
LEGAL DUTY

- You must understand the legal requirements of being a charity.
- You must comply with the specific duties of the 2005 Act.

See the **specific duties section** below for more information.

Specific duties for all charity trustees

There are **specific duties** in **the 2005 Act** that all charity trustees must meet. You might delegate the practical details of these duties to your charity's staff, volunteers or professional advisers (if you have them), but you, as charity trustees, are responsible for making sure the specific duties are met.



2.1 Charity details on the Scottish Charity Register

LEGAL DUTY

Your charity must give us the information we need to keep the **Scottish Charity Register** accurate and up to date.

This means making sure that we hold the latest information about your charity:

- The name of the charity.
- The principal office or the name and address of one of the charity trustees.
- The charity's purposes.

Your charity **must tell us** as soon as possible about any changes to the **principal contact** for the charity.

LEGAL DUTY

2.2 Reporting to OSCR: Making changes to your charity

If you want to make any changes to your charity, first check what the rules set out in your **governing document** say. If you do not follow these rules then any decisions you make could be invalid and we may refuse our consent to make the changes if it is required.

Under the 2005 Act you must seek our consent before making any of the changes listed below. You need to ask for our **consent** at least 6 weeks (42 days) before you plan to make the proposed change.

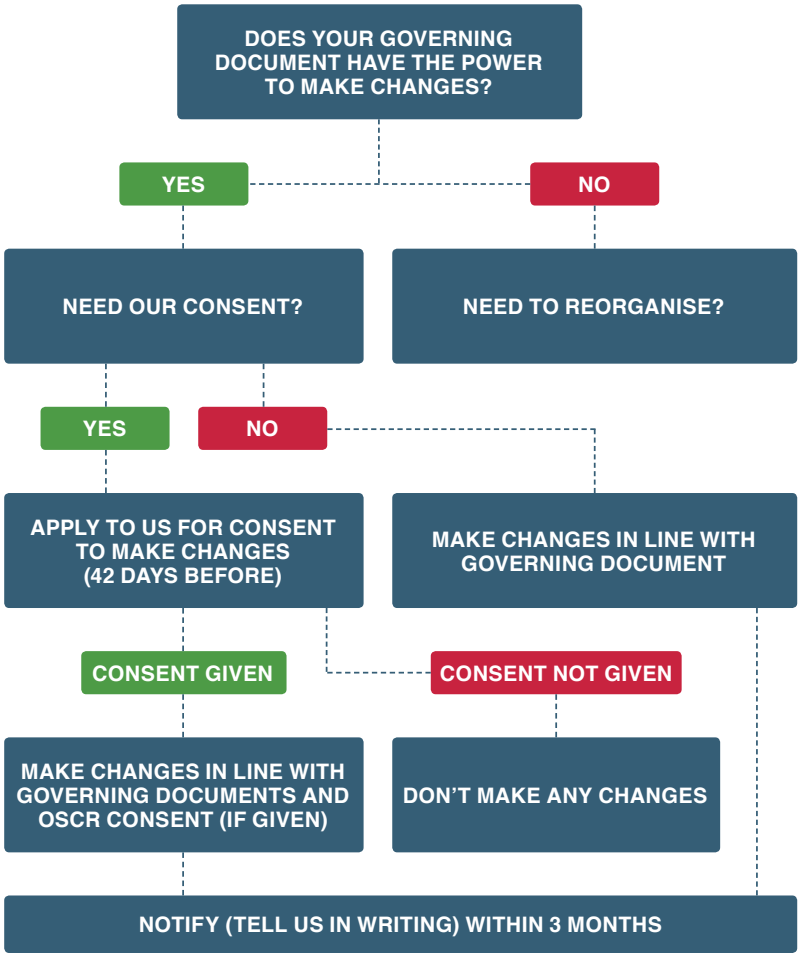
Changes that need our consent are:

- Changing the name of the charity.
- **Winding up or dissolving** the charity.
- Amending the **objects and purposes** of the charity.
- Amalgamating the charity with another body.
- Applying to the court to change purposes, amalgamate or wind-up.
- Changing your charity's **legal form**.

If we consent to the change you must notify us (tell us in writing) once you have made the change. Where a change to the governing document has been made you should send us the updated version.

If you have the power to make other changes to your governing document (that do not need our consent) you must tell us what the changes are and send an updated version of your governing document **within 3 months** of the changes being made.

See the flow chart below to decide if you can make changes and, if so, how. See our Making Changes to Your Charity page for more details.



2.3 Financial records and reporting

Every year, every charity must:

- Keep proper accounting records.
- Prepare a statement of account, including a report on its activities, at the end of each financial year.
- Have the statement of account independently examined or audited.
- Send a copy of the accounts, along with the **annual return**, to us, the Scottish Charity Regulator.

You must keep a copy of the accounting records for at least 6 years. Other laws or funding arrangements might require you to keep records for longer.

See our **charity finance section** and Charity Accounting page for more details.

2.4 Fundraising

As charity trustees you are responsible for taking control of how your charity raises funds.

You must make sure that anyone who professionally raises funds for the charity has an agreement that says how much they will get paid to do it.

See our Fundraising page for more details.

2.5 Providing information to the public

LEGAL DUTY

There is information that you must to give to the public:

1. You must state your charity's name and Scottish charity number (SC0[zero]xxxxx) on your charity's website home page and all external documents, like letters, emails, adverts, posters, invoices and other publications. See the **publicising that you are a charity section** for more details.
2. You must give a copy of your **governing document** and/or the latest examined or audited **accounts** to anyone that asks for them. The reason a person asks for a copy of these documents does not matter; provided it is a reasonable request, you must give them a copy.

Good practice is to publish your governing document and accounts on the charity's website, if you have one.

What is an unreasonable request?

What is reasonable or unreasonable will depend on the circumstances of each case. It is important to understand that it is the request that must be unreasonable not the reasons for the request or the identity of the requester.

The examples below are when a request might be unreasonable:

- A request for copies of accounts and/or governing document that are already publicly available, in which case you should tell the person where to get the information, for example on the charity's website.
- A request for documents that the person already has.
- A request for the documents within an unreasonable timescale, for example within 24 hours, or in an unreasonable format.

If you decide a request is unreasonable you should be able to justify your decision, bearing in mind that a concern could be raised with us about it. Where appropriate, you should work with the requester to fulfil their request.

Can you charge a fee for the request?

Yes, you can, but only for any administrative costs in producing and sending a copy of the document, for example, the cost of photocopying and postage. You cannot charge for the costs associated with preparing the accounts or staff time taken to copy and post the documents.

Many charities publish their governing document and annual accounts on their own websites. You can put a link to your accounts on your entry in the **Scottish Charity Register** by emailing us the link and your charity's details.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.

Find out more about what we can and cannot do and what to expect if we have a concern about your charity.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

These organisations can help with some or all of the duties.

- Local Third Sector Interfaces offer support to voluntary organisations.
- The Scottish Council for Voluntary Organisations (SCVO).
- You may also wish to consult a professional advisor. The Law Society of Scotland and the Institute of Chartered Accountants in Scotland may be able to help you to identify a professional firm with expertise in charity law and accounting.
- The Association of Charity Independent Examiners can help you find a qualified Independent Examiner
- HMRC will be able to help you with any questions you may have about tax.
- Consent Flowchart pdf

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.

Specific duties:

- Charity details: section 3 of the 2005 Act
  Reporting changes:
  - sections 10 – 12 (consent for change of name)
  - sections 16 – 17 (consent for changes including purposes)
  - sections 39 – 43D (reorganisation)
- Financial reporting: sections 44 – 45 of the 2005 Act and The Charities Accounts (Scotland) Regulations 2006 as amended
- Fundraising: sections 79 – 83 of the 2005 Act
- Charity trustee general duties: section 66 of the 2005 Act
- OSCR's powers and duties following inquiries: Sections 29 – 35 of the 2005 Act

GOVERNING DOCUMENTS AND MEETINGS

SUMMARY

Knowing what your governing document says and understanding what it means, having well-run charity meetings and keeping good records of the meetings are all important factors in making sure that you are carrying out your general charity trustee duties set out in the 2005 Act.

MORE DETAIL

Governing documents

A charity's governing document is the written statement that sets out its purpose, structure and describes how it will operate. The trustees must make sure that the charity complies with its governing document, which usually contains key information about:

- What the charity exists to do (its charitable purposes).
- What powers it has to further its charitable purposes.
- Who the trustees are, how many charity trustees there should be and how they are appointed and removed.
- Whether the charity has any members and if so who can be a member.
- Rules about charity trustees' and members' (if any) meetings, how they are arranged and conducted and how decisions are made and recorded, etc.
- How to change the governing document.
- How to close the charity down.

The name given to you charity's governing document will depend on its legal form.

The most common legal forms for charities are:

LEGAL FORM	TYPE OF CONSTITUTION OR GOVERNING DOCUMENT
Company	Articles of association
Unincorporated association	Constitution
Trust	Trust deed
Scottish Charitable Incorporated Organisation (SCIO)	SCIO constitution
Community Benefit Society	Rules

Some governing documents are made up of a combination of items, such as standing orders, rules or supplemental deeds. The key to any governing document and to the overall governance of the charity are the charity's purposes, which are the reason the charity exists.

Charity trustees must make sure that:

- The activities of the charity advance the **charitable purposes** set out in the governing document.
- The charity follows the rules of its governing document.
- The charity's **assets** are only used to advance the charitable purposes set out in the governing document.

Good practice

GOOD PRACTICE

- Every charity trustee has an up-to-date copy of the governing document. You should know what it says and understand what it means.
- All new charity trustees get an induction pack which includes the governing document and up-to-date information about the activities of the charity.
- When planning what the charity will do, you make sure the plans fit with what the governing document says you can do.
- You read and review the governing document regularly to make sure it is still fit for purpose. You should do this at least once a year.

Can you change your governing document?

LEGAL DUTY

If you do want to make changes to your **governing document**, you need to follow any rules about changes set out in your document. This flows from the general principle that charities have to follow the specific terms of their governing document.

If you want to make any changes to your governing document see our Making Changes to Your Charity page. You must tell us of any changes that you make and in some cases ask for our **consent** first.

For example:
If you want to change the wording of charitable purposes in your governing document, you will need to get our consent first. This is because any changes to the charitable purposes could affect your ability to meet the charity test and to continue to be a charity.

Some charities do not have the power in their governing document to make changes. If you are not sure whether you have the power to make changes you should get professional advice.

If you do not have the power to make changes you can apply to us to reorganise your charity. See our Charity reorganisation page for more details.

Charity Trustee Meetings

Charity trustees have collective responsibility for running the charity. Meetings are often the best way to make decisions and make sure that you keep all of the charity trustees informed.

When and how meetings will be held will usually be set out in your governing document. You must follow the rules set out in your governing document about meetings. If you do not, any decisions you make could be invalid and you will not be acting in accordance with your charity trustee duties.

What should a governing document say about meetings?

GOOD PRACTICE

If your governing document does not mention meetings or is not clear about how meetings should be run, then you may want to add some rules about:

- When you have meetings and how often you have them.
  - Plan your charity trustee meetings so you can meet at the right time to look at the **charity's accounts** before submitting them to OSCR.
- What type of meetings you have.
  - For example charity trustee meetings, annual general meetings (AGMs), membership meetings.
- Who is entitled to vote at meetings and how **proxies** can be appointed.
- Who can attend the meetings (just the charity trustees or members too?) and how many people have to be there to form a **quorum.**

NOTE: if you are a SCIO or a company and want to use telephone or video conferencing you must state this in your governing document.

A SCIO's governing document is a constitution.

A company's governing document is its Article of Association. For more information on the rules about meetings in company law, see the Companies House website.

- What you do if charity trustees have a **conflict of interest**.
- How you minute meetings and how long you keep records of the meetings.
  - It is a good idea to decide how long you will keep records of meetings and decisions, bearing in mind any other legal requirements you have to follow. For example, financial records must be kept for 6 years.
- What to do if a charity trustee misses too many meetings and/or does not follow the rules.
- What your governing document says about removing charity trustees.

What else do you need to think about for meetings?

- Make sure everyone knows about the meeting – when and where it is.
  - Make sure you know who should or can attend the meeting.
- Make sure everyone has the agenda and relevant papers – know what you are going to be talking about!
- Do not be afraid to ask questions if you do not understand or something is not clear – you all have responsibility, not just the chair or the treasurer.
- Follow the voting rules in your governing document – if you do not, any decisions you make could be invalid.
- Assign someone to prepare minutes of the meeting – note the decisions taken and the reasons for them.
- Make sure the minutes are agreed and approved at the next meeting.
- Have clear action points – know who is responsible for them and for following up on them.

See **Sources of help, advice and best practice** for agenda and minutes templates.

Quorum
This is the minimum number or proportion of people (members, charity trustees or their proxies) that can vote and must be present or represented at a meeting to make the proceedings and any decisions taken valid.

For example:
Your governing document says that 50% of trustees must be present at a meeting. If you have 10 trustees in total but only four are present at the meeting, then you will not have a quorum and the meeting will not be valid.

If you are having trouble always getting enough charity trustees to form a **quorum** then you may need to recruit more charity trustees or look at alternative ways of holding meetings such as telephone or video conferencing. You may need to amend your governing document to do so.

What happens if you fail in your duties?
If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.

Find out more about what we can and cannot do and what to expect if we have a concern about your charity.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

- Trustee Meetings: Agenda template
- Trustee Meetings: Minutes template
- SCVO model governing documents
- SCVO guide to Board meetings
- OSCR: Who's in charge

The Charity Commission for England and Wales:
- Charity trustee meetings: 15 questions you should ask
- Charities and meetings (CC48)

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.
- Charity trustee general duties and misconduct: section 66 of the 2005 Act.
- OSCR's powers and duties following inquiry: sections 29 to 35 of the 2005 Act.

CONFLICT OF INTEREST

SUMMARY

As a charity trustee, you must put the interests of the charity before your own interests or those of any other person or organisation including those responsible for your appointment. Where you cannot do that, there may be a conflict of interest.

A conflict of interest exists when your duty to act in the interests of the charity conflicts with:

- The interest of the person or organisation that appointed you as a charity trustee (an "appointment conflict"), or
- Conflicts with your own personal or business interest in relation to that matter (a "personal conflict").

Conflicts of interest can and do come up: it is how you manage them that is important

In this section we explain how you as a charity trustee can prepare for potential conflicts of interest, what you could do if a conflict arises, and highlight common examples of conflicts of interest.

MORE DETAIL

What is a conflict of interest?

A conflict of interest is any situation where there is a potential for a **charity trustee's** personal or business interests (or the interests of someone they are connected with) to be different from the interests of the **charity**. In this situation, it may sometimes be difficult for the charity trustee to make an impartial decision. However, with proper handling charity trustees can overcome these difficulties.

There are two main types of conflict of interest:

1. **Appointment conflict:** This is a conflict of interest which can arise between a charity trustee and the person or organisation which appointed them.

For example:
A charity trustee appointed by a local school, church or Local Authority and a decision is required on a matter which affects both the charity and the other organisation.

2. **Personal conflict:** When you might not be able to do what is best for the charity because it conflicts with your own personal or business interest in relation to that matter.

For example:
When a charity is considering a contract with a business and one of the charity trustees is also a director of that business.

In both cases, the **charity trustee duties** require you to act in the interests of the charity.

Where there is an 'appointment conflict' the charity trustee must put the interests of the charity first. However, where another duty prevents the charity trustee from putting the interests of the charity first they must:

- disclose the conflict to the charity; and
- not participate in any discussion or decision making on the matter.

It is important that even where there appears to be a conflict of interest, whether it materialises or not, you take appropriate steps to manage the conflict and be seen to be acting in the best interests of the charity.

The term 'conflict of interest' can cover a range of situations and may also be called a 'conflict of roles' or 'conflict of duty'.

For example:

- a charity trustee could get direct financial benefit from a decision the charity has to make
- a charity trustee is discussing a contract or business arrangement with an organisation their family have links to
- a charity trustee is also an employee of a company that the charity is doing business with
- an employee, or potential employee, of the charity is connected to one of the charity trustees.
- being a trustee of two or more charities that are competing with each other for the same grant(s) or funding
- being a trustee of a charity that gives out grants and a trustee of another charity applying for one of these grants
- being a trustee of a charity that is part of a group structure and being on the board of the parent charity
- being a trustee of a charity where you are also a service user or customer
- a charity trustee applying for a job in the charity.

Examples of what is not a conflict of interest:

- being a charity trustee and donating funds to the charity
- being both a volunteer and a trustee of charity.

What should you do if there is a conflict of interest?

Having a conflict of interest does not necessarily mean that anyone has acted improperly. As charity trustees you all have a **collective responsibility** to manage conflicts of interest and to act clearly in the charity's best interests.

There are four key steps to dealing with conflict of interest.

GOOD PRACTICE

1. Identify:

- Have a conflict of interest policy so that all the charity trustees (and potential charity trustees) understand what could be a conflict of interest.
- Know what the charity's **governing document** says about conflicts of interest.
- Set up a **register of interests** for all charity trustees and make sure it is kept up to date.
- Have conflict of interest as a regular agenda item at the beginning of the charity trustee meetings.
- Declare any potential conflict of interest as soon as you become aware of them.

2. Manage:

- Have clear procedures in place that state what should happen if there is a conflict of interest and how the charity trustees will deal with it. For example, the conflicted charity trustee might withdraw from the meeting or part of the meeting.
- If the charity has a **conflict of interest policy** make sure it is applied in all situations where there is a conflict or potential conflict. The policy should also distinguish between the two different types of conflict, 'appointment conflicts' and 'personal conflicts'.
- Decide if the person(s) with a conflict of interest should be involved in any discussions or decisions about the situation – if it is decided they should be involved be prepared to justify that decision.
- Where there is a conflict, make sure that decisions are taken in the charity's interests.
- Make sure that your charity can still carry on its business and still form a quorum even if a number of charity trustees have to withdraw.

3. Record:

- Keep a written record of the situation and what the charity did about it, including:
  - Recording who the conflict affected.
  - Recording when the conflict was identified and declared.
  - Recording what was discussed and decided.
  - Recording who withdrew from the decisions and how the remaining charity trustees made a decision in the best interests of the charity.
  - Maintaining the charity's register of interests.

4. Learn:

- Learn from the experience, make improvements to the charity's policy and procedures and where necessary seek professional advice.
- Where conflicts of interest arise frequently and a number of charity trustees must withdraw from discussion, the charity should consider whether the make up of the Board is preventing the effective management of the charity.
- Make sure the charity's governing document has the power to remove charity trustees who are in serious or persistent breach of **the 2005 Act.**

If members from a linked organisation dominate the make-up of your Board of charity trustees this can lead to a risk of recurrent conflict of interest. How you manage this risk is very important.

What should be included in a conflict of interest policy?

A conflict of interest policy should set out:

- What a conflict of interest is and the conflicts that are likely to be relevant to your charity.
- The distinction between a "personal" conflict and an "appointment" conflict.
- When and how the charity trustees should declare a potential conflict of interest.
- What the charity's governing document says (if anything) about conflicts of interest.
- When a conflicted charity trustee should withdraw from decision making and the procedures for making decisions in those circumstances.

SCIOs must have procedures for dealing with any conflict of interest within their SCIO constitution.

See the **sources of help, advice and best practice** section for links to example conflict of interest policies.

When should a charity trustee withdraw from a meeting?

When a charity trustee is aware of a conflict of interest and they feel unable to put the interests of the charity first, they must withdraw from the discussion or decision concerned.

It may also be appropriate for charity trustees to withdraw from discussions in other circumstances of conflict of interest. Where they do not, they should be able to demonstrate that they have acted in the interests of the charity.

The charity trustees should make sure there is a record of who took part in the discussions and decisions. Where there is a conflict and the conflicted charity trustee still takes part, how this is in the best interests of the charity needs to be explained.

For example:
A Board made up mainly of service users is asked to vote on an increase to the fees that service users pay to the charity. It is not practical for all the service user trustees to withdraw as there wouldn't be enough trustees to form a quorum and make a valid decision.

The trustees need to put their own interests to one side and choose what is best for the charity. A clear record should be taken of the decision and why it was made.

However, if there is only one service user on the Board then it might be felt that they should withdraw, which would be easier for the person concerned and does not affect the quorum.

What should you do if another charity trustee has a conflict of interest?

All charity trustees must act in line with the duty to **protect the interests of the charity**. This means that you and the other charity trustees must take collective responsibility to make sure that a breach of charity trustee duties is corrected and not repeated.

If you know another charity trustee is conflicted, and it is not declared, it is your duty to speak up.

If there is serious or persistent breach of duty by an individual, the other charity trustees should look at whether the governing document has the power to remove the charity trustee.

What happens if a conflict of interest is not managed properly?

As charity trustees you must try to make sure that any breach of duty regarding conflict of interest is corrected and not repeated. Where there is a serious or persistent breach the charity trustee should be removed, providing the governing document allows. If the other charity trustees fail to do so, this could be considered **mismanagement or misconduct** in the administration of the charity.

As regulator, we are required to identify and investigate any apparent misconduct and, where appropriate can take protective action. See our Inquiry Policy for more details. Our response will be proportionate; where a charity trustee has acted honestly and reasonably.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.

Find out more about what we can and cannot do and what to expect if we have a concern about your charity.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

- OSCR: Who's in charge?
- SCVO: how to avoid conflicts of interest

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.

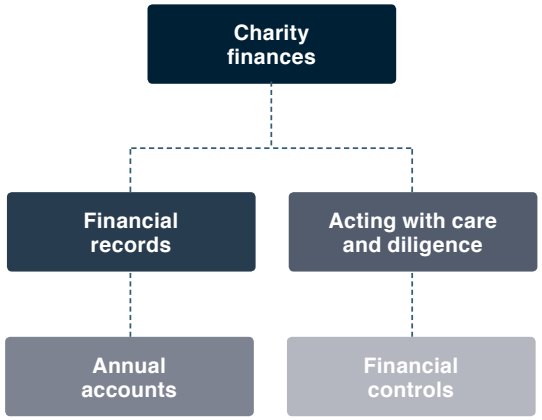
- Charity trustee general duties and misconduct: section 66 of the 2005 Act.
- SCIO conflict of interest provision in constitution: The Scottish Charitable Incorporated Organisations General Regulations 2011.

CHARITY FINANCES

SUMMARY

In this section, we explain the legal requirements and good practice for protecting your charity's finances. The section splits into two areas of charity finance:

1. **Financial Records:** Charities have specific duties under the **2005 Act** to maintain financial records, prepare annual **accounts** and submit these accounts to us. It is the responsibility of all the charity trustees to make sure that these requirements are met.
2. **Financial Controls:** The 2005 Act requires you, as charity trustees, to act with **care and dilligence** when managing the affairs of the charity. This means that you must make sure you have suitable controls over financial procedures to protect the **assets** of the charity.



MORE DETAIL

LEGAL DUTY

Financial records and accounts

The **2005 Act** requires that as charity trustees, you must:

- keep proper accounting records
- prepare a statement of accounts, including a report on the charity's activities, each financial year
- have the accounts independently examined or audited
- send a copy of the accounts to us
- keep the accounting records for 6 years.

Anyone who has given time or money to a charity will have an interest in seeing its resources used properly. A well prepared and informative set of accounts will give members, funders, donors and anyone else with an interest in your charity a good picture of the activities and how well you are using the resources.

What are proper accounting records?

Proper accounting records must detail day by day the money received and spent by the charity, the assets and liabilities of the charity and show the financial position of the charity at any time.

How you keep the records will depend on the size and complexity of your charity. For small charities, a manual record or simple spreadsheet may be enough. Larger charities may need specialist accounting software.

However you keep the records they should be easy to follow and kept up to date so that the financial position of the charity is clear at all times.

What do I need to include in the accounts?

LEGAL DUTY

What you need to put in the accounts is set out in the Charities Accounts (Scotland) Regulations 2006 (as amended). These Regulations detail the different types of accounts that can be prepared and what you must include in them.

The Regulations also contain specific rules for reporting on the activities of the charity, as well as the financial information. This activities report is called the **Trustees' Annual Report**.

For more details, please see our guide to the accounts Regulations.

External scrutiny of the accounts

LEGAL DUTY

All sets of charity accounts must be scrutinised by someone outside of the charity. This means that an independent person checks that the information in the accounts is a fair reflection of the charity's financial position.

The type of scrutiny required is dependent on the charity's turnover, **governing document** and the requirements of any funders.

For more details, please see our Independent Examination: Guidance for Charities and Independent Examiners.

LEGAL DUTY

What financial information do you need to submit?

Every year you need to send us:

1. the **Annual Return**
2. **statement of accounts**
3. **trustees' annual report** and
4. **external scrutiny report**

We use the annual return to gather information about your charity. Depending on the income of your charity, we may ask more questions about the charity's finances and how it operates.

Note: Charitable Companies, Charities registered in England and Wales and Registered Social Landlords.

You will also need to follow the accounting requirements of the other regulators. See our accounts guidance for more information.

Financial controls

As a charity trustee, you have a duty under the 2005 Act to act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.

This means that you must act with a higher level of care than you do with your own finances and affairs. You must make sure that you protect the charity's resources and that you do not put the assets of the charity at risk. One way of doing this is to make sure that there are proper **financial controls** in place.

What do we mean by financial controls?

Good financial controls are tools for making sure that you manage the charity effectively and meet your legal duty to act with care and diligence.

Financial controls are the systems you have in place to make sure that you protect the **assets** of the charity. The controls aim to identify and manage the risks of theft or fraud, loss and **conflicts of interest**.

- **Reviewing accounts**

A major part of financial control is to review the accounts. A useful way to do this is to compare the amounts spent on individual expense categories since they were last reviewed with what was expected to be spent in that period. Ideally, a budget will be prepared and approved by the charity trustee board before the beginning of the financial year. Then the actual results can be compared to the expected or budgeted results, making it easier to investigate any differences or 'variances'.

In a small organisation it may be appropriate just to compare the expenditure of one period with that of the corresponding previous period, for example the month before.

- **Controls offer protection**

It is important to remember that being a charity trustee is a significant responsibility. Where controls are correctly set up and used they will both protect the assets of the charity and you as a charity trustee.

What areas do you need to consider?

- **Collective responsibility**

All of the charity trustees have responsibility for the financial records, not just the treasurer. As charity trustees, it is important that you all have a basic understanding of the finances of your charity and can quickly identify if there are any problems.

The financial information should be discussed at meetings to make sure that everyone knows the charity's financial situation. For example, finance should be a recurring item on the agenda of every board meeting. It is good practice that someone other than the treasurer also has an understanding of how the charity's financial records are kept.

- **Finance Committee**

Some organisations find it helpful to set up a finance sub-committee of charity trustees and advisors with financial or accounting knowledge. They have additional meetings to spend extra time on detailed finance matters, like budget preparation, and then report back to the charity trustee board. Having a committee does not absolve the other charity trustees of their collective responsibility but can be helpful in clarifying matters that are submitted to the full charity trustee board.

Separation of duties

Where possible, you should separate out the administrative tasks so that no one individual has sole responsibility for the financial transactions of your charity. We call this '**separation of duties**'.

For example, when your charity makes a purchase the same individual (whether it is a charity trustee, employee or volunteer) should not be responsible for arranging the purchase, authorising the payment and making the payment. In very small charities, it can be difficult to have a separation of duties. You should make sure that checks are regularly carried out on financial records and transactions to compensate for this.

GOOD PRACTICE

Written procedures

Your financial procedures should be documented. This will help where charity trustees change regularly and if something unexpected happens such as a treasurer being taken ill.

You should review your procedures annually to make sure they are still fit for purpose, being followed correctly and understood.

Controls over cash

Where possible, it is best to avoid the use of cash, as it is harder to maintain a trail of cash and much easier for theft or fraud to happen. You should encourage donations to be made by bank transfer, cheques or online and you should make payments in this way wherever possible.

If you do receive cash donations, two people should count these and then make sure the money is banked as soon as possible. You should issue receipts for the donations and not make any payments out of this cash before taking it to the bank.

You should keep petty cash to a minimum. Receipts should be required for all items of petty cash. Access to the petty cash box should be restricted. It should be held in a secure place, counted and agreed. A cash book should be kept to record what goes into the petty cash and what is paid out of it. Each time there is money added to or taken out of the petty cash it should be recorded in the cash book with supporting documentation, such as a copy of a donation receipt or expenditure receipt. The amount in the petty cash box should be regularly counted and compared to the balance in the cashbook to make sure that all money is properly recorded and accounted for.

Banking

Banking is an important part of the financial controls. When considering your charity's banking arrangements, you should think about the full range of services that you need and look for a bank that can provide them.

Banks will ask for details of all signatories and usually all the charity trustees, so be prepared to have this information available. You should be aware of the terms and conditions of your banking arrangements and advise the bank immediately of any changes that may affect these for example, a change of signatories. Bank statements should be agreed to the accounting records regularly, at least monthly, and someone other than the person who is otherwise involved in the banking process should review these reconciliations.

Bank reconciliations should be reviewed at trustee meetings. In smaller charities, bank statements and transactions may be checked at trustee meetings.

- **Cheque payments**

Cheques should have a minimum of two signatories to make sure that it is not just one person who can make payments. You should have systems in place to check invoices and authorise payments before they are made.

You should not sign cheques where the amount and the recipient are not already filled in (blank cheques). You should ensure that the details on the cheque stub match the corresponding cheque. If this is not done the cheques may not be accounted for correctly and might result in lost or stolen money.

- **Automated payments**

Automated payments from the bank account such as Direct Debits and Standing Orders should be subject to the same controls as other payments. A review of all such automated expenditure should take place regularly.

Internet banking and online payments: it can be more difficult to develop tight financial controls for bank transfers as access may be restricted to a single log in. You should consider making a rule that two people have to be present when large transactions are being processed.

- Some banks allow charities to provide more than one person to authorise payments (dual authority). You should ask your charity's bank for details of their dual authority options so that you can consider what is right for your charity.
- **Credit cards:** credit cards are often required to pay for travel or purchase items online. There should be internal control procedures to cover this including credit limits, authorisation procedures and review and authorisation of credit card statements.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.

Find out more about what we can and cannot do and what to expect if we have a concern about your charity.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

- Guides to Independent Examination
- A Guide to Charity Accounts
- The Charity Commission for England and Wales have produced detailed guidance on internal financial controls that are applicable to Scottish charities.
- Banking for charities

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.

- Financial reporting: sections 44 – 45 of the 2005 Act and The Charities Accounts (Scotland) Regulations 2006 as amended

REMUNERATION (PAYING CHARITY TRUSTEES AND CONNECTED PERSONS)

SUMMARY

The **2005 Act** sets out when charity trustees (and people who are connected to them) can receive payment from the charity for services provided to it. A charity must not pay charity trustees, and people who are connected to them, unless the charity can satisfy the conditions set out in the 2005 Act.

This section explains what those conditions are and gives examples of when it is and is not appropriate to pay **charity trustees** and **people connected** with them.

The rules on paying charity trustees do not apply to reclaiming expenses, like train fares to get to a charity trustee meeting.

MORE DETAIL

What is remuneration?
Remuneration in the **2005 Act** means any payment received for services provided to the charity either as a charity trustee or under a contract of employment with the charity, and includes **people connected** with charity trustees. It is any such payment from the charity's funds. Payment may be received in the form of a salary, payment for services or in the form of other benefits such as a company car, medical plan or pension plan.

For example:
Out of pocket expenses paid to charity trustees, for instance travel expenses to attend meetings, are not considered remuneration, although receipts for expenses are still required.

In this guidance, we refer to **remuneration** as 'payment' or 'paying charity trustees'.

What are the rules on paying charity trustees?

LEGAL DUTY

The **2005 Act** states that **you must not pay** a **charity trustee**, for services provided to the charity, either as a charity trustee or under contract, **unless** you meet **all** of these conditions:

- there is no restriction to the payment in the charity's **governing document**

- less than half the total number of charity trustees are getting paid (directly or indirectly) from the charity
- there is a written agreement between the charity and the charity trustee
- the written agreement sets out the maximum amount to be paid, and
- the charity trustees are satisfied it is in the interest of the charity for the services to be provided by the charity trustee for that maximum amount.

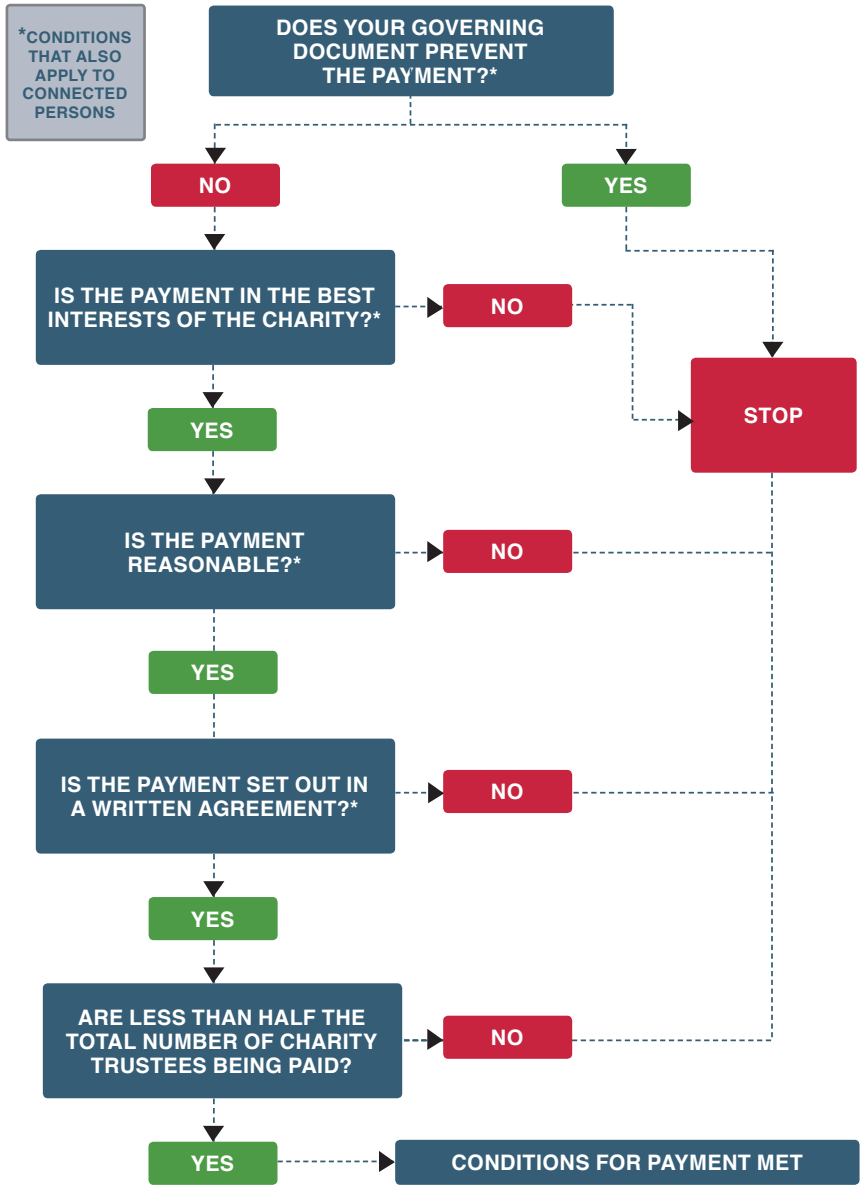
If your governing document says that the charity trustees cannot be paid, then even if the other rules from the 2005 Act are met, you will not be able to pay any of the charity trustees.

Examples of when it might be reasonable to pay a charity trustee, provided the conditions above are met:

- When a local tradesman is a charity trustee and provides services to the charity at a competitive rate.
- When employees of the charity are also charity trustees because of their position: for example, as chief executive or because they are elected as a staff representative.

An indirect payment to a charity trustee is where two or more charity trustees are connected and one of them is being paid.

See the flowchart opposite to see if a payment meets the conditions.



What are the rules for paying a connected person?

The **2005 Act** states that **you must not pay** a person connected to a charity trustee for services provided to the charity, **unless** you meet **all** of these conditions:

- there is no restriction on the payment within the charity's governing document
- the payment is reasonable
- there is a written agreement between the charity and the connected person
- the written agreement sets out the maximum amount to be paid
- the charity trustees are satisfied it is in the interest of the charity for the services to be provided by the connected person for that amount.

What happens if you want to pay charity trustees and/or connected persons for services provided to the charity?

In order to pay a charity trustee or connected person, provided the exemptions do not apply, the conditions detailed above must be met. If a decision is taken to pay a charity trustee or connected person, you should keep a record of the charity trustees considerations and must enter into a written agreement with them setting out the maximum amount to be paid.

What is a reasonable amount?

What is reasonable will depend on the circumstances. The important thing is that whatever the decision is, the interests of the charity come first and you can demonstrate that.

The process for deciding the level of payment must be open and transparent and **must not** involve the charity trustee who is to receive payment or is connected to the person who will.

You could compare payment amounts with similar roles at other charities or the wider market place.

If the payment appears to be excessive, there may have been a breach of charity trustee duties, which would be **misconduct**.

Good practice

- Have a payment policy that makes sure any payments to charity trustees and/or connected people complies with the conditions set out in the 2005 Act
- establish a register of charity trustees' interests
- obtain at least two separate quotes for services
- clearly minute the decision that paying a particular charity trustee or a person connected to them for services is in the charity's interest.

If you are not sure if a charity trustee, or connected person, can be paid for services you should get professional advice.

What else do you need to consider about payments?

If you are thinking about employing a charity trustee or connected person, you must make sure that:

- there is a genuine need for a paid position or for the services to be provided
- as charity trustees, you assess any potential risks, manage any conflicts of interest and are open and transparent about the decision
- any charity trustee who has a **conflict of interest** is not involved in the decision
- no one individual takes a decision about employment on their own

- any payments to charity trustees are declared in the **annual accounts**.

We have particular concerns where the charity trustees of a charity are the people benefiting from it as private individuals, or where those benefiting most are people connected with the charity trustees such as family members or companies in which the charity trustees have an interest.

Where there is such **private benefit** we may need to consider whether it causes the charity to fail the **charity test**. This is the legal test as to whether or not your organisation can be, or remain, a charity.

What is an honorarium?

An honorarium is generally a small amount of money paid to someone for a service; unlike a fee or salary, an honorarium is not contractual but is a gift.

We would not expect honoraria payments to be paid on a regular basis as a matter of course. As charity trustees, you should review the situation every year and only award a payment if there are exceptional reasons for doing so. We would expect you to clearly explain and record your decision.

In order to make payment of honoraria to a charity trustee or a connected person the remuneration conditions detailed above would have to be met.

Charities registered in England and Wales and Registered Social Landlords

If you are also registered with the Charity Commission for England and Wales you will also need to follow their rules on payments to charity trustees.

If you are a cross-border charity and you are paying charity trustees in line with the law of England and Wales you will need to take into account the rules under the 2005 Act and whether those rules allow the payment in question.

Registered Social Landlords must follow the rules set out by the Scottish Housing Regulator about payments to charity trustees.

Trustee indemnity insurance

You are allowed to use your charity's funds to provide your charity trustees with indemnity insurance.

What happens if you fail in your duties?

If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.

Find out more about what we can and cannot do and what to expect if we have a concern about your charity.

EXCEPTIONS

These rules for paying charity trustees and connected persons do not apply if:

- there is a provision authorising payment of the charity trustees (and/or connected persons) in the charity's **governing document** and this was in force on or before the 15 November 2004
- there is legislation or an order made by the Court of Session that allows charity trustees (or connected persons) to receive payment.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

- Meeting the Charity Test – Private Benefit section
- Payment Flowchart pdf

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.

- Remuneration: sections 67 and 68 of the 2005 Act
- Trustee indemnity insurance: section 127 of the Public Services Reform (Scotland) Act 2010

PUBLICISING THAT YOU ARE A CHARITY

SUMMARY

Making sure that people know you are a charity is one of the **specific charity trustee duties** set out in the **2005 Act**. You must provide certain **charity details** in certain **external documents** (hard copy and electronic). What you need to tell people and how you need to do this are set out in specific Regulations. This section sums up what you need to do, and gives suggestions about how best to do it.

MORE DETAIL

All charities registered in Scotland must publicise the fact that they are a charity. **Charity trustees** must make sure that certain **charity details** are on all of the charity's **external documents** listed below.

These rules also apply to any third parties who publish documents on behalf of your charity, for example legal advisors, accountants, or organisations working on your behalf.

LEGAL DUTY

What do you need to tell people?
You need display your **charity's details**. This means:

- your charity's name, as entered in the **Scottish Charity Register**
- any other name your charity is known as (the 'known as' name)
- your **Scottish Charity Number** (SC0[zero]xxxxx)
- the fact that you are a charity, if this is not already clear from your name.

It is good practice to state that the charity is regulated by OSCR.

GOOD PRACTICE

For example:
'Monkstown After School Club (known as Monkey Club) is a Scottish Charity, SC098765, regulated by the Scottish Charity Regulator (OSCR)'.

If you are a **Scottish Charitable Incorporated Organisation (SCIO)**, you need to tell people:

- the SCIO's name as entered in the Scottish Charity Register
- if the name does not include the terms 'Scottish Charitable Incorporated Organisation' or 'SCIO', the fact that it is a SCIO.

As a SCIO, you do not have to include your Scottish Charity Number but we strongly recommend that you do.

For example:
'Monkstown After School Club (known as Monkey Club) is a Scottish Charitable Incorporated Organisation (SCIO) regulated by the Scottish Charity Regulator (OSCR), Scottish Charity number: SC098765'.

Which external documents need to have these details?

LEGAL DUTY

You must put the charity's details on:

1. all your external letters and emails
2. your website's home page
3. all your adverts, notices and official publications
4. documents that ask for donations for your charity
5. bills your charity issues
6. direct debit an d standing order mandates
7. all invoices and receipts
8. annual accounts
9. educational, promotional or campaign materials
10. legal conveyance documents about land rights (buying, selling or transferring land)
11. contracts.

In addition to above requirements, it is good practice to put charity details on:

GOOD PRACTICE

- all your website pages
- your charity's social media accounts
- campaigns or adverts that are online, on the radio or television
- business cards
- signs and displays.

Add the 'charity registration' logo to your website to help you show the public that you're entered in the Scottish Charity Register.

Why do you need to tell people that you are a charity?

It is important that the people you come into contact with, the public, funders, contractors and other organisations, know and can check that you are a genuine **charity**.

It also gives people confidence in supporting your charity and knowing that we regulate you.

LEGAL DUTY

When do you have to put your charity's details on documents?

If you are a SCIO, you must have the details on your **external documents** as soon as possible after your charity is registered. For all other charities, you must put the charity details on your external documents as soon as possible and no later than **6 months** of becoming a charity.

What happens if you do not put the charity details on documents?

The rules about having these details on the documents are set out in regulations. All charity trustees have responsibility for making sure that their charity complies with these regulations. A breach of the regulations is a breach of your **general duties** and is **misconduct**.

If you are a SCIO it is an offence to issue or sign any of the **external documents** which do not include the charity's details, or to authorise such actions.

Charitable companies

Charities whose **legal form** is a company must comply with both company law and charity law. Charitable companies must include **charity details** set out above and the information required by company law, for example the company number.

Find out more about company law requirements at the Companies House website.

What happens if you fail in your duties?
If you fail to comply with these duties then this is **misconduct** and we do have powers to take action against charity trustees, where appropriate. Our response will be proportionate depending on the situation.

Where a charity trustee has acted reasonably and honestly it is unlikely to be treated as misconduct.

Find out more about what we can and cannot do and what to expect if we have a concern about your charity.

EXAMPLES

For case studies and advice please see our Good Governance pages.

SOURCES OF HELP, ADVICE AND BEST PRACTICE

- Publicising Charitable Status
- The Charities References in Documents (Scotland) Regulations 2007 and The Charities references in Documents (Scotland) Amendment Regulations 2008: these Regulations set out requirements for charities entered in the Scottish Charity Register and outlines the information which must be stated on certain documents.
- SCIO's: A Guide

LEGAL NOTE

Here we set out the specific sections of charity law in Scotland relevant to each part of the guidance.

- The Charities References in Documents (Scotland) Regulations 2007 and The Charities references in Documents (Scotland) Amendment Regulations 2008: these Regulations set out requirements for charities entered in the Scottish Charity Register and outlines the information which must be stated on certain documents.

GLOSSARY OF TERMS

This glossary provides you with further information, definitions and descriptions of some key terms. Where appropriate, it links to the relevant sections of law that underpin the terms.

TERMS	EXPLANATION
2005 Act	The Charities and Trustee Investment (Scotland) Act 2005: the primary piece of charity law in Scotland.
Accounts	Accounts represent the organisations finances for a particular period (usually a year). They show how much money was received and how much was spent, broken down into different categories. Charities must prepare accounts each year and must send a copy of to us (the Scottish Charity Regulator) each year. For more information see Charity Accounting.
Annual return	The online form charities complete each year to provide us with information about the charity (in particular for the Scottish Charity Register, and including information about the charity's finances). This can be completed in OSCR online.

TERMS	EXPLANATION
Assets	This means everything a charity owns; property, money, equipment, including heritable property (such as land and buildings and rights attached to it).
Beneficiaries	These are the people your charity is set up to help, those who benefit from what you do.
Care and diligence	This means a very high level of care and thoroughness. This is set out in Section 66 of the 2005 Act.

TERMS	EXPLANATION
Charitable Purposes	A charity's purposes are usually set out in the objects, aims or purposes section of its governing document. The purposes say what your organisation has been set up to achieve, and should reflect its broad aims rather than the day-to-day activities. Each purpose your charity has must fit within at least one of the 16 charitable purposes set out in section 7(2) of the 2005 Act, that is: (a) the prevention or relief of poverty, (b) the advancement of education, (c) the advancement of religion, (d) the advancement of health, (e) the saving of lives, (f) the advancement of citizenship or community development, (g) the advancement of the arts, heritage, culture or science, (h) the advancement of public participation in sport, (i) the provision of recreational facilities, or the organisation of recreational activities, with the object of improving the conditions of life for the persons for whom the facilities or activities are primarily intended,

TERMS	EXPLANATION
Charitable Purposes	(j) the advancement of human rights, conflict resolution or reconciliation, (k) the promotion of religious or racial harmony, (l) the promotion of equality and diversity, (m) the advancement of environmental protection or improvement, (n) the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage, (o) the advancement of animal welfare, (p) any other purpose that may reasonably be regarded as analogous to any of the preceding purposes.
Charity	An organisation is a charity in Scotland when it is entered on the Scottish Charity Register.

TERMS	EXPLANATION
Charity Test	This is the test set out under the Charities and Trustee Investment (Scotland) Act 2005, which determines whether an organisation can be a charity. The charity test has two main elements: 1. an organisation has to show that it has only charitable purposes and 2. that it provides public benefit in achieving those purposes. This is set out in sections 7 and 8 of the 2005 Act.
Charity Trustee	'Charity trustees' are defined in section 106 of the 2005 Act as people having the general control and management of the administration of a charity. Charity trustees can also sometimes be known as committee members, directors or board members.
Collective responsibility	Charity trustees are not only responsible for their own actions, they are also responsible for the actions and decisions taken by the charity trustees when acting together.

TERMS	EXPLANATION
Connected person	The term connected person includes: ■ spouses, civil partners and cohabitees of a charity trustee ■ child, stepchild, parent, grandchild, grandparent, brother or sister of a charity trustee (and a spouse of any such person) ■ an institution controlled by a charity trustee or a person connected with them or two or more trustees/connected persons when taken together ■ a body corporate or company in which the charity trustee or a person connected with them has a substantial interest, or ■ a Scottish partnership (business) in which the charity trustee or, a person connected with them is a partner.
Conflict of interest (policy)	A conflict of interest may arise in a situation where a charity trustee may obtain personal benefit from a particular decision in relation to the charity. A policy setting out what a conflict of interest is and how you will manage situations where a conflict arises is strongly recommended. See the Conflict of interest **sources of help, advice and best practice** section for links to example policies.

TERMS	EXPLANATION
Consent	Section 16 of the 2005 Act says that you must seek OSCR's consent before making any of the changes listed below. You need to ask for our consent at least 6 weeks (42 days) before you plan to implement the proposed change. Changes that need our consent are: ■ changing the name of the charity ■ winding up the charity ■ amending the objects or purposes of the charity ■ amalgamating the charity with another body ■ changing the charity's legal form ■ applying to the court to change purposes, amalgamate or wind-up. For more information, see Making Changes to Your Charity.
Disbenefit	This is the opposite of benefit and is equivalent to detriment or harm. This is set out in section 8 (2) (ii) of the 2005 Act.

TERMS	EXPLANATION
External scrutiny report	Your charity's accounts must be externally scrutinised. That is, someone who is independent of your charity must review the accounts and produce a report, attached to the accounts, that highlights any issues to the reader.
Governing Document	A governing document (or constitution) is the document (or set of documents) that sets up an organisation and says what its purposes are. It will usually deal with other matters, including who will manage and control the organisation, what its powers are, what it can do with the organisation's money and other assets, and membership of the organisation. For more information, see our FAQs. This is defined in section 106 of the 2005 Act.

TERMS	EXPLANATION
Legal Form	Charities can take a number of legal forms. The legal form is the structure or entity, which then becomes a charity. For example: ■ Unincorporated associations ■ Companies ■ Scottish Charitable Incorporated Organisations (SCIO) ■ Trusts ■ Community Benefit Society ■ Statutory corporation established by an Act of Parliament or Royal Charter ■ Educational endowment
Ministerial direction or control	This is where a governing document gives Scottish or UK Ministers the power to direct or otherwise control an organisation's activities. This is set out in **section** 7 (4) (b) of the 2005 Act.

TERMS	EXPLANATION
Misconduct	Misconduct (which includes mismanagement) means any action by charity trustees which may result in a significant loss or harm to the charity (and this includes failing to act). It arises where the general duties are not met and/or where charity trustees fail to comply with any direction, requirement, notice or duty imposed under the 2005 Act (section 66(2) of the 2005 Act).
Principal contact	The person who will act as the main point of contact for the charity. This can be updated in OSCR online.
Private Benefit	This is where benefit from the charities activities is provided to members of the organisation or other individuals not as a member of the public. This is set out in Section 8 (2) (a) (i) of the 2005 Act.
Property	By 'property' we mean all property and assets (money and other assets) belonging to a charity, including heritable property (such as land and buildings and rights attached to it).

TERMS	EXPLANATION
Protect the interests of the charity	Trustees should put the interests of their charity before their own interests, or those of any other person or organisation. They must actively work towards the achievement of the charity's purposes. This is set out in Section 66 of the 2005 Act.
Proxy	Someone who is authorised to act as a substitute for another.
Public Benefit	This is the way a charity makes a positive difference to the public through the activities it carries out when advancing its charitable purposes. This is set out in Section 8 of the 2005 Act.
Quorum	The minimum number of people necessary to make decisions and conduct the charity's business. A quorum can refer to: ■ the number of charity trustees required for board meetings, or ■ the number of the charity's members required for membership meetings, for example Annual General Meetings (AGMs). This number is often set out in the charity's governing document.
Register of interests	A record of the personal, business and financial interests of a charity trustee that may potentially lead to a conflict of interest.

TERMS	EXPLANATION
Remuneration	Remuneration in the 2005 Act means any payment or benefit in kind. Sections 67 and 68 of the 2005 Act state that a charity trustee must not be remunerated for services provided to the charity (including services provided in the capacity as a charity trustee or under a contract of employment) from a charity's funds unless certain conditions are met. For more information, see Trustee Remuneration guide.
SCIO	The Scottish Charitable Incorporated Organisation is a legal form unique to Scottish charities and is able to enter into contracts, employ staff, incur debts, own property, sue and be sued. For more information see SCIO guidance.
Scottish Charity number	This is the unique number given to all Scottish charities, beginning with SC0 (zero) followed by five numbers.
Scottish Charity Register	This means the register of all Scottish charities kept by OSCR. For more information, see the Scottish Charity Register.

TERMS	EXPLANATION
Scottish Charity Regulator	The independent regulator and registrar for over 23,500 Scottish charities, established by the 2005 Act. For more information, see About OSCR.
Trustees Annual Report	The Trustees Annual Report is a part of the annual Accounts and contains information about the charity and its activities and achievements in that year.
Undue Restriction	This is a restriction on who can access the benefit provided by a charity: it will be undue if excessive or unnecessary. It includes fees and charges. This is set out in Section 8 (2) (b) of the 2005 Act.
Wind up	To wind up or dissolve a charity means that the charity ceases to exist. Before winding up a charity must get OSCR's consent. This is set out in Section 16 of the 2005 Act. For more information, see Making Changes to Your Charity.

OSCR Contact details:

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Scotland's Colleges

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Staff Governance Standard

Staff Governance Standard

Throughout the following document it is acknowledged by Scotland's Colleges and STUC that staff governance issues cover all staff and recognised trades unions.

Staff Governance is defined as a system of corporate accountability for the fair and effective management of all staff. Implicit in the Standard is that all legal obligations are met and that all policies and agreements are implemented.

The Standard focuses on how staff in Scotland's colleges are managed and feel they are managed. It recognises the pivotal role of staff in providing education and support services within Scotland's colleges. The Standard assists colleges to demonstrate that they are exemplary employers, and have systems in place to identify areas that require improvement and to develop action plans to address the issues.

A Staff Governance Standard is a strategic framework of minimum standards, continuous improvement, and ongoing consultation and negotiation between the College Board, management, staff, recognised trades unions.

It is expected that all colleges implement a broad range of up to date staffing policies negotiated/ consulted, as appropriate, with recognised Trade Unions which reflect current good practice and which provide a positive platform and framework for the effective management, engagement and governance of all staff.

In addition to this, the Standard, in accordance with the Information and Consultation Regulations (ICE), entitles all staff to be:

1. well informed
2. appropriately trained
3. involved in decisions which affect them
4. treated fairly and consistently
5. provided with a safe working environment.

There will also be processes for reviewing and evaluating all of the above areas.
Staff should be:

1. well informed through:

    - receiving regular information about their college, and having opportunities to contribute ideas. Recognised trade unions, should also be part of a meaningful consultation/ negotiation system on organisational issues as appropriate at all levels.

2. appropriately trained and developed through:

    - a minimum entitlement of 6 days pro rata CPD to all staff, to be delivered and supported in a manner which is meaningful to all staff and ensures that CPD activity adds value to an individual, team and college level.
    - the wide promotion of training and development opportunities.
    - meaningful and appropriate encouragement, opportunity and support for staff to use their skills effectively.
    - the support of Union Workplace Representatives, Health & Safety Representatives and Union Learning Representatives, who are given reasonable time off for their respective duties.

3. involved in decisions which affect them through:

- working in partnership to enable the involvement of all staff, through recognised trades unions.
- working together by developing an appropriate framework within colleges with recognised Trade Unions to enable effective involvement in strategic college issues. This framework will also provide for the opportunity to review and evaluate Staff Governance on an on-going basis.

4. treated fairly and consistently through:

- the implementation of up to date staffing policies, after negotiation/consultation as appropriate with the recognised trade unions, which promote good practice and which are communicated to all staff (including through recognised trades unions). These policies should include appropriate arrangements to ensure dignity at work, eliminate discrimination and positively promote equality.

5. provided with a safe working environment through ensuring:

- effective Health & Safety arrangements are in place, which promote good practice and working with recognised union Health & Safety representatives.

In recommending this Staff Governance Standard, Scotland's Colleges and STUC acknowledge that good practice in staff governance should apply to all staff. As a minimum standard; appropriate negotiation/consultation and communication arrangements should be in place through agreed recognition arrangements with sector trade unions and through other arrangements in accordance with the Information and Consultation of Employees Regulations (2005).

Scotland's Colleges

STUC

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