

**Health Professions Council
Finance and Resources Committee 22 June 2006**

Corporate Governance

Executive Summary and Recommendations

Introduction

The Committee is invited to discuss the attached paper setting out proposed amendments to the Standing Orders of the Audit Committee and the Finance and Resources Committee.

The Audit Committee discussed the amendments to its Standing Orders at its meeting on 12 June. A report on the discussion will be made to the Committee at the meeting on 22 June.

Decision

The Committee is asked to agree the proposed amendments to its Standing Orders and to recommend that Council accept the proposed amendments.

Background information

Minutes of the Finance and Resources Committee meeting held on 27 April 2006 and enclosure 12 (paper FRC 48/06).

Resource implications

None.

Financial implications

None.

Appendices

Corporate governance paper.

Date of paper

12 June 2006.

HEALTH PROFESSIONS COUNCIL

Finance and Resources Committee Audit Committee

Corporate Governance

Introduction

The Council recently decided to end the practice of the Audit Committee being a sub-committee of the Finance and Resources Committee and to establish both committees as separate entities reporting directly to the Council.

That policy decision is a reflection of the need, in terms of good corporate governance, for oversight of the effective use of HPC's financial and other resources to be distinct from the oversight of the arrangements for auditing the transactions which are the basis of that resource utilisation.

This division of responsibility, between the effective use of resources and the legitimacy of the use of those resources, will provide the Council with a two-stage, "belt and braces", system of oversight.

Corporate governance

Given that the Council has established a policy of separating these responsibilities, the roles of the Finance and Resources and Audit Committees now need to be reflected in the terms of reference set out in their respective standing orders. It is therefore proposed that the Council be recommended to amend the Standing Orders of each committee in line with the terms of reference listed below.

The proposed amendments to the Standing Orders are set out in the appendix to this document.

For the Audit Committee these include amendments which would end the practice of the committee always meeting in private. Modern governance arrangements for audit committees in other public bodies (e.g. local councils and police authorities) provide for meetings to be held in public but subject to the safeguard that the committee may meet in private where it is justified in doing so. The amendments would bring the Audit Committee's Standing Orders into line with those of the Finance & Resources Committee and other HPC Committees.

As neither committee exercises any statutory functions of the Council – in the sense of functions specifically identified in the Health Professions Order 2001 – no changes need to be made to the Council's Scheme of Delegation.

Terms of Reference

Finance and Resources Committee

1. to consider and recommend to the Council a five year plan;
2. to consider and recommend to the Council the annual budget;
3. to consider and recommend to the Council work plans for the Information Technology, Human Resources and Operations Departments;
4. to consider and recommend to the Council policies on financial management, investment and reserves, quality, human resources and information technology;
5. to consider and approve, or, where the Committee considers that significant policy issues are involved, to recommend that the Council approve, major capital expenditure;
6. to consider and award, or, where the Committee considers significant policy issues are involved, to recommend that the Council award, major contracts;
7. to receive and review Management Information Reports;
8. to consider any policy proposals with significant financial or resource implications and to make recommendations to the Council as appropriate;
9. as the Remuneration Committee, to determine the salaries of:
 - a. the Chief Executive;
 - b. employees who are members of the Executive Management Team; and
 - c. all other HPC employees.

Audit Committee

1. to advise the Council on the appointment of internal and external auditors;
2. to approve internal and external audit programmes and fees;
3. to review the external auditor's management letter and any other reports and to report on these to the Council as appropriate;
4. to receive reports on the internal audit work plan and to consider appropriate action arising from them;
5. to review the Council's annual report and accounts and to make recommendations to the Council as appropriate ;
6. to consider the financial risks and (via the risks register) the other risks to which the Council is exposed and to approve or, where the Committee considers that significant policy issues are involved, to recommend that the Council approve, measures to eliminate or mitigate against them;
7. to review whether the Council's legal obligations in relation to health and safety matters are being addressed by appropriate arrangements and procedures for meeting those obligations.

FINANCE AND RESOURCES COMMITTEE

Amendments to the Standing Orders of the Committee

For Standing Orders 2 and 3 (which set out the functions of the Committee) substitute:

- “2. The terms of reference of the Committee are:
 - a. to consider and recommend to the Council a five year plan;
 - b. to consider and recommend to the Council the annual budget;
 - c. to consider and recommend to the Council work plans for the Information Technology, Human Resources and Operations Departments;
 - d. to consider and recommend to the Council policies on financial management, investment and reserves, quality, human resources and information technology;
 - e. to consider and approve, or, where the Committee considers that significant policy issues are involved, to recommend that the Council approve, major capital expenditure;
 - f. to consider and award, or, where the Committee considers significant policy issues are involved, to recommend that the Council award, major contracts;
 - g. to receive and review Management Information Reports;
 - h. to consider any policy proposals with significant financial or resource implications and to make recommendations to the Council as appropriate;
 - i. to perform such other functions as the Council may delegate to or confer upon the Committee.”

3. At least once each year the Committee shall meet, or appoint a sub-committee from among its members to do so, as the Remuneration Committee to determine the salaries of:
 - a. the Chief Executive;
 - b. employees who are members of the Executive Management Team; and
 - c. all other HPC employees.”

AUDIT COMMITTEE

Amendments to the Standing Orders of the Committee

1. For Standing Orders 2 to 8 (which set out the Committee's terms of reference and prescribe how the business of the Committee is to be conducted) substitute:

“2. The terms of reference of the Committee are:

- a. to advise the Council on the appointment of internal and external auditors;
- b. to approve internal and external audit programmes and fees;
- c. to review the external auditor's management letter and any other reports and to report on these to the Council as appropriate;
- d. to receive reports on the internal audit work plan and to consider appropriate action arising from them;
- e. to review the Council's annual report and accounts and to make recommendations to the Council as appropriate ;
- f. to consider the financial risks and (via the risks register) the other risks to which the Council is exposed and to approve or, where the Committee considers that significant policy issues are involved, to recommend that the Council approve, measures to eliminate or mitigate against them;
- g. to review whether the Council's legal obligations in relation to health and safety matters are being addressed by appropriate arrangements and procedures for meeting those obligations;
- h. to perform such other functions as the Council may delegate to or confer upon the Committee.”

2. Re-number Standing Orders 9 to 51 as Standing Orders 3 to 45 and amend any internal cross-references as appropriate.

3. For Standing Order 51 (which would become Standing Order 45 and provides for meetings of the Committee never to be open to the public) substitute:

“45. Meetings of the Committee shall be open to the public unless the business under consideration concerns:

- a. information relating to a registrant, former registrant or applicant for registration;
- b. information relating to an employee or office holder, former employee or applicant for any post or office;
- c. the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property
- d. negotiations or consultation concerning labour relations between the Council and its employees;

- e. any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
- f. action being taken to prevent or detect crime or to prosecute offenders;
- g. the source of information given to the Committee in confidence;
- h. or any other matter which, in the opinion of the Chairman, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions."

Tabled paper

Health Professions Council Finance and Resources Committee 22 June 2006

Corporate Governance

Executive Summary and Recommendations

Introduction

The Audit Committee on 12 June discussed amendments to its Standing Orders. The proposed amendments are to standing order 2 (terms of reference) and 51 (committee to meet in private).

Decision

The Committee is asked to note the proposed amendments to the Audit Committee Standing Orders.

Background information

None.

Resource implications

None.

Financial implications

None.

Appendices

Audit Committee Standing Orders showing proposed amendments.

Date of paper

21 June 2006.

HEALTH PROFESSIONS COUNCIL

Audit Committee

STANDING ORDERS

These Standing Orders establish the basic rules about how the Audit Committee conducts its proceedings.

Unless the context otherwise requires, terms used in the Standing Orders have the same meaning as in the Health Professions Order 2001 (the 2001 Order).

Where a procedural point arises which is not covered by either the Standing Orders or the 2001 Order, the common law rules concerning the conduct of meetings will apply.

Audit Committee

1. The Audit Committee (the Committee) is a sub-committee of the Council.

Proposed new standing order:

2. The terms of reference of the Committee are:
 - a. to advise the Council on the appointment of internal and external auditors;
 - b. to approve internal and external audit programmes and fees;
 - c. to review the external auditors' management letters and any other reports and to report on these to the Council as appropriate;
 - d. to receive reports on the internal audit work plan and to consider appropriate action arising from them;
 - e. to review the Council's annual report and accounts and to make recommendations to the Council as appropriate ;
 - f. to consider whether risk management processes are adequate for all risks to which the Council is exposed and to approve or, where the Committee considers that significant policy issues are involved, to recommend that the Council approve measures to eliminate or mitigate against them;
 - g. to perform such other functions as the Council may delegate to or confer upon the Committee.

~~2. The Committee shall perform:~~

~~(1) the functions described in Standing Orders 3 to 5 (external audit);~~

~~(2) the functions described in Standing Orders 6 to 8 (internal audit); and~~

~~(3) such other functions as the Council, may delegate to or confer upon the Committee.~~

External audit

~~3. The Committee shall meet the auditors appointed by the Council under Article 46(2) of the 2001 Order not less than twice in each year and at such other times as the Committee shall decide.~~

~~4. At the first such meeting in each year (the planning meeting) the Committee shall consider:~~

~~(1) the proposed audit plan;~~

~~(2) the identification of key financial and other risks;~~

~~(3) the audit timetable; and~~

~~(4) such other matters as it considers appropriate.~~

~~5. At the second such meeting in each year (the review meeting) the Committee shall consider:~~

~~(1) the results of the external audit work;~~

~~(2) any issues arising;~~

~~(3) any adjustments made;~~

~~(4) any unadjusted immaterial items;~~

~~(5) any points arising from the management letter which will be submitted to the Finance & Resources Committee; and~~

~~(6) such other matters as it considers appropriate.~~

~~7.~~

Internal audit

~~6. The Committee shall meet the Council's internal auditors not less than twice in each year and at such other times as the Committee shall decide.~~

~~7. At the first such meeting in each year (the planning meeting) the Committee shall consider:~~

~~(1) any matters to be addressed following the external audit work;~~

~~(2) any other matters requiring internal audit examination;~~

~~(3) the internal audit programme of work and timetable; and~~

- ~~(4) such other matters as it considers appropriate.~~
- ~~8. At the second such meeting in each year (the review meeting) the Committee shall consider:~~
- ~~(1) the results of the internal audit work;~~
- ~~(2) any adjustments which need to be made to procedures as a consequence of that work; and~~
- ~~(3) such other matters as it considers appropriate.~~

Membership

9. The Committee shall comprise not more than six members appointed by the Council, subject to the following:
- (1) at least one member of the Committee must be an accountant who is qualified to be appointed as a company auditor under the Companies Acts; and
- (2) no member of the Committee may also be a member of the Finance and Resources Committee of the Council.

Meetings

10. Subject to Standing Orders 3 and 6, the Committee shall meet in ordinary session (Ordinary Meeting) at such times as the Committee shall decide.
11. In addition to Ordinary Meetings, a special session of the Committee (Special Meeting) may be convened by the Secretary upon receipt of a written request setting out the details of the business to be transacted at that meeting from the Chairman or a quorum of members of the Committee.
12. A Special Meeting shall take place within 14 days of the Secretary receiving the request for the meeting to be held.

Notice of Meetings

13. The Secretary shall give members not less than seven days written notice of a meeting and the notice shall set out the time and place of, and agenda for, that meeting.
14. Failure to send notice of a meeting to a member shall not invalidate the proceedings of that meeting.

The Chairman and Vice Chairman

15. The Council shall appoint one of its members to be the Chairman of the Committee and the person appointed shall serve as Chairman for a period of two years (but shall be eligible for re-appointment).
16. The Chairman shall preside at any meeting of the Committee.
17. The Council may appoint a member to be Vice Chairman of the Committee to preside at any meeting of the Committee at which the Chairman is absent and the person appointed shall serve as Vice Chairman for a period of two years (but shall be eligible for re-appointment).
18. If the Chairman and Vice Chairman are absent from, or otherwise unable or unwilling to preside at, a meeting the members present shall, as the first business of the meeting, elect one of their number to preside at that meeting.
19. In these Standing Orders references to the Chairman include the Vice Chairman or any other member presiding at a meeting in place of the Chairman.

Quorum

20. The quorum at any meeting of the Committee shall not be less than half the members of the Committee for the time being.
21. If a quorum is not present within 15 minutes of the time appointed for a meeting to commence, all business which should have been transacted at that meeting shall stand over until the next Ordinary Meeting and shall take precedence over the business of that Ordinary Meeting, unless a Special Meeting is called in the meantime for the transaction of that business.

Minutes

22. The Secretary shall keep minutes of each meeting which shall include a record of the members in attendance at that meeting.
23. At each meeting the minutes of the preceding meeting shall be confirmed (or confirmed as amended) and be signed by the Chairman as a true record of that meeting.
24. The signed minutes of a meeting shall, unless the contrary is proved, be conclusive proof of the proceedings at that meeting.

The Secretary

25. The Registrar shall appoint an officer or employee of the Council to act as secretary to the Committee and in these Standing Orders references to the Secretary mean the person so appointed.

Conduct of meetings

26. The order of business at a meeting shall follow that set out in the agenda unless it is varied by the Chairman with the consent of the Committee.
27. A member may only initiate a debate or move a motion on a matter which is not on the agenda with the consent of the Committee.
28. Subject to Standing Order 21 meetings shall start at the time set out in the notice of meeting and shall normally continue until all the business on the agenda has been disposed of but the duration of a meeting may only exceed three hours with the consent of the Committee.
29. The Chairman may, with the consent of the Committee, adjourn a meeting, but no business shall be transacted at an adjourned meeting other than the business which had not been disposed of when the adjournment took place.
30. If a meeting is adjourned for more than seven days (but not otherwise) notice of the adjourned meeting shall be given as if it was an Ordinary Meeting.

Voting

31. Any question at a meeting shall be decided by a majority of the members present and voting by a show of hands.
32. In the event of any equality of votes, the Chairman shall be entitled to an additional casting vote.

Rules of Debate

33. A member must speak to the subject under discussion. The Chairman may call attention to any irrelevance, repetition, unbecoming language, or breach of order on the part of a member and, where the member persists in that conduct, may direct that member to cease speaking.
34. A ruling by the Chairman on any question of order, whether or not provided for by the Standing Orders, shall be final and shall not be open to debate.

Disorderly Conduct

35. The Chairman may order a member to withdraw from a meeting if, in the opinion of the Chairman, that member has persistently disregarded the ruling of the Chairman or is behaving improperly, offensively or in a manner which is obstructing the business of the meeting.
36. In the event of a general disturbance which, in the opinion of the Chairman, prevents the orderly conduct of business, the Chairman may adjourn the meeting for such period as the Chairman consider appropriate.

Members' education, training and performance

37. The Council shall establish standards of education and training for members and, as part of those standards, shall provide for members to undergo training to assist them in their performance of their duties.
38. The Council shall establish standards of attendance and performance for members, including a system of annual performance appraisal.
39. Members shall comply with the standards established by the Council under Standing Orders 37 and 38 and shall not, without reasonable excuse, refuse to participate in the training or appraisal processes.

Codes of conduct

40. Members shall comply with the Code of Conduct adopted by the Council and with the seven principles of public life established by the Committee on Standards in Public Life (the Nolan Principles)

Interests of members

41. Members shall make a declaration of their personal interests in accordance with the Members' Interests Registration Scheme established by the Council and shall be under a duty to ensure that the details of their interests set out in the Register of Members' Interests maintained by the Council are accurate and up to date.
42. A member who has a personal interest in any matter under consideration at a meeting, whether or not declared in the Register of Members' Interests, shall promptly disclose that interest to the meeting and, unless the Committee determines otherwise, the member shall withdraw from the meeting until the Committee has concluded its consideration of that matter.

Attendance and Other Allowances

43. Claims for payments, attendance allowances or expenses shall be made by members strictly in accordance with the Members' Payments Scheme approved by the Council.

Tenure of members

44. A person shall cease to be a member of the Committee if:
 - (1) having been appointed by virtue of being a member of the Council, he ceases to be a member of the Council for any reason;
 - (2) he ceases to live or work wholly or mainly in the United Kingdom;

- (3) having been appointed by virtue of his qualifications or experience in a particular field, those qualifications or experience are no longer regarded by the Council as being of value to the Committee in the performance of its functions;
 - (4) an order has been made against him by a Practice Committee of the Council;
 - (5) he is removed by the Council because serious and persistent deficiency in his attendance at meetings or in his conduct or performance at meetings, or because of his failure to comply with Standing Order 39; or
 - (6) he is appointed as a member of the Finance and Resources Committee of the Council.
45. Before taking any action to remove a member of the Committee the Council shall send a notice to that member:
 - (1) setting out the grounds on which the member is liable to be removed from office;
 - (2) informing the member that the Council proposes to consider those grounds and that the member has a right to be heard before the Council; and
 - (3) providing the member with 14 days in which to respond.
46. Where, following the service of a notice under Standing Order 41, a member responds expressing a wish to be heard by the Council, the Registrar shall convene a meeting of the Council to determine whether or not to remove that member from the Committee.
47. The procedure in Standing Orders 45 and 46 shall not apply in respect of a person who has ceased to be a member of the Committee by virtue of Standing Order 44(1) or (4).

The Registrar, officers and advisers

48. The Registrar shall be entitled to attend and speak at meetings of the Committee.
49. The Secretary or any other person advising on the business before a meeting of the Committee (including advising the Chairman on issues of order) may attend and, with the consent of the Chairman, speak at that meeting.

Suspension of Standing Orders

50. A Standing Order may be suspended with the consent of the Committee.

Proposed new standing order:

Public access to meetings

- . Meetings of the Committee shall be open to the public unless the business under consideration concerns:
 - a. information relating to a registrant, former registrant or applicant for registration;
 - b. information relating to an employee or office holder, former employee or applicant for any post or office;
 - c. the terms of, or expenditure under, a tender or contract for the purchase or supply of goods or services or the acquisition or disposal of property
 - d. negotiations or consultation concerning labour relations between the Council and its employees;
 - e. any issue relating to legal proceedings which are being contemplated or instituted by or against the Committee or the Council;
 - f. action being taken to prevent or detect crime or to prosecute offenders;
 - g. the source of information given to the Committee in confidence;
 - h. or any other matter which, in the opinion of the Chairman, is confidential or the public disclosure of which would prejudice the effective discharge of the Committee's or Council's functions.

~~Committee to meet in private~~

~~51. Meetings of the Committee shall not be open to the public~~

The Seven Principles of Public Life

Selflessness

Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership

Holders of public office should promote and support these principles by leadership and example.

June 2006