

## **The University of Sheffield (10007157)**

### **Corporate Governance**

The following statement is intended to provide an understanding of the governance and legal structure of the University of Sheffield. The University is an independent corporation whose legal status derives from a Royal Charter granted in 1905. It is an educational charity, with exempt status, regulated by the Office for Students in its capacity as Principal Regulator. The University has charitable purposes and applies them for the public benefit. It must comply with the general law of charity. The University's objectives, powers and governance framework are set out in its Charter and supporting Statutes and Regulations.

The University of Sheffield has a public interest duty to conduct its affairs in a transparent and responsible way, in accordance with the Nolan principles, to meet the regulatory requirements of relevant statutory bodies and complies with the Higher Education Code of Governance published by the Committee of University Chairs. The University's governing body, the Council, has reviewed its operation against the Code, and a subsequent effectiveness review has confirmed compliance.

#### **Leadership**

The President & Vice-Chancellor is the University's chief executive officer, and principal academic officer. The President & Vice-Chancellor is also the Accountable Officer for purposes of the Higher Education and Research Act 2017.

Under powers delegated by the Council, the President & Vice-Chancellor exercises a key role in terms of the development of institutional strategy, the identification and planning of new developments and the shaping of institutional ethos. The President and Vice-Chancellor is a member of the Council and chair of the Senate. A University Executive Board, comprising senior academic and professional services members, is appointed by and acts in an advisory capacity to the President and Vice-Chancellor. Ultimate responsibility for the management of the University and the conduct of its business rests with Council.

#### **Governance**

##### **The Council**

The University's Council is the governing body of the University and its board of charitable trustees, responsible for the strategic development and overall achievement of the University's mission and purposes. Subject to the delegated powers of the Senate, it has ultimate responsibility for all areas of operation. The Council's membership comprises lay and academic persons, including a student representative, appointed under the Statutes of the University, the majority of whom are non-executive. Members of the governing body provide a register of interests and a declaration that they are fit and proper persons. The role of the Chair of the Council is separate from that of the University's Chief Executive, the President & Vice-Chancellor. The performance of the President & Vice-Chancellor is monitored through the provisions of Section 6 of the Statutes and Regulation VI: 5 and through the existence and application of the Staff Review and Development Scheme, carried out by the Chair of the Council.

The appointment of the University Secretary with appropriate separation in the lines of accountability is through the provisions of Regulation VI: 8. The University Secretary is appointed by and responsible to the Council for the operation and conduct of the University's overall governance structures, ensuring effective processes are in place to provide assurance and to ensure legal and regulatory compliance. The University Secretary is the Secretary to the Council and the Senate and reports directly to the President & Vice-Chancellor.

The powers and functions of Council are set out in Regulation II:7-8. The matters specially reserved to the Council for decision are set out in the Statutes of the University. Among the powers the Council holds to itself are those relating to appointing the President & Vice-Chancellor, the approval of the

University's strategic plan and the approval of financial forecasts, annual budgets, approving the annual audited accounts and appointing the University's auditors. Council delegates its powers to other bodies and individuals as appropriate and in accordance with the Scheme of Delegation set out in Regulation III, which is reviewed annually.

In addition to the Nominations Committee and Health and Safety Committee, which are formally constituted committees of the Council, much of the work of the Council is carried out through the following principal committees, all of which have terms of reference approved by Council and which report formally to Council:

- The Audit Committee is constituted in line with guidance issued by the Committee of University Chairs and comprises both lay members of the University Council and external co-optees with special expertise. Whilst senior executives attend meetings of the Audit Committee, they are not members of it. Both the External and Internal Auditors have independent access to the Committee, and vice versa. The Audit Committee is responsible for making recommendations to the governing body on the appointment of both the Internal and External Auditors to the University. The Committee meets with the External Auditors to discuss their audit findings, and to review and approve the audit aspects of the annual financial statements; and it provides the governing body with its own opinions. It also approves and influences the annual audit plan prepared by the University's Internal Auditors, and considers completed audit reports dealing with recommendations for the improvement of the University's systems of internal control. The Committee also reviews management responses to audit reports and monitors implementation of recommendations. The Committee receives and considers reports from external funding and regulatory bodies as they affect the University's business and monitors adherence to the regulatory requirements. The Committee's role in relation to risk oversight and assurance is outlined below.
- The Finance Committee is the body responsible for advising the Council on all matters relating to the finances of the University including ensuring there are adequate and effective arrangements in place to provide transparency about value for money. The Committee recommends to the Council the University's Financial Statements for approval, annual revenue and capital budgets, monitors performance in relation to the approved budgets and monitors the execution of financial policies adopted by the Council.
- The Estates Committee acts as an expert advisory panel to the Council on estates matters in support of the Council's responsibility for the stewardship and development of the University estate and specifically to monitor the implementation of the University's Estate Strategy. The Committee reviews and appraises capital schemes to ensure effective and efficient procurement and scrutinises strategic development of the estate in terms of acquisitions and disposals. The Committee considers the implications of changing legislation, planning and governance requirements and monitors relevant statistics.
- The Human Resources Committee is responsible for making recommendations to the Council for new or revised Human Resources policies to support overall strategic Human Resources objectives. The Human Resources Committee also approves procedures and receives and considers reports from the Director of Human Resources, including Annual Reports of meetings with Campus Unions.
- The Senior Remuneration Committee is responsible for overseeing the appointments of executive and other senior members of staff, balancing the needs of the University in a competitive environment with the appropriate use of funds. The Committee operates in accordance with the CUC Higher Education Code of Governance and its operation has recently been reviewed to ensure compliance with the CUC's Remuneration Code.
- The Equality and Diversity Board develops strategy, monitors equality and diversity matters in the University, evaluates actions and progress and provides support and guidance in relation to the University's equality and diversity policies and action plans.

## The Senate

- The Senate is the academic authority of the University, whose role is to oversee the teaching and research of the University, be responsible for academic quality and standards and for the admission and regulation of students on behalf of the Council. Chaired by the President & Vice-Chancellor, its membership is drawn mainly from the academic staff of the University and also includes student representatives. The Senate reports to Council and is required to provide assurance that academic governance is effective.

## Full Statement of internal control

1. As the governing body of the University of Sheffield, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Charter and Statutes and the public interest governance principles set out in the regulatory framework for Higher Education in England.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. The process is regularly reviewed by the Council and accords with the relevant Financial Reporting Council guidance. The University has formally applied the CUC (Committee of University Chairs) Higher Education Code of Governance which is principally committed to identifying the key values and practices on which the effective governance of UK HE providers is based. The University manages risks through a Corporate Risk Register, which is reviewed regularly throughout the year and is considered by Council and Audit Committee. There are also Faculty and Professional Services Risk Registers, and Departmental Risk Registers for both academic and professional service departments. The Risk Review Group (a sub-group of the University Executive Board) oversees these different levels of risk. The University's risk management policy is reviewed annually by the Risk Review Group and by Council.
4. The following processes have been established:
  - a. The performance, plans and strategic direction of the institution are specifically considered at one of the regular meetings of the Council every year.
  - b. The University Council agrees and annually reviews a basket of Performance Indicators (PIs), linked to Strategic Plan goals, and has oversight of the outcomes achieved, direction of travel and distance from ambition, as set out in the Strategic Plan.
  - c. The Council undertakes an annual assessment for the purpose of making its public statement on internal controls. This assessment considers issues dealt with in the periodic reports received.
  - d. The Council receives periodic reports from the Chair of the Audit Committee concerning internal control and risk management, including in relation to University subsidiary companies.
  - e. The Council in overseeing the management of strategic risks receives regular reports from Audit Committee and the Risk Review Group, which is a sub-group of the University Executive Board.

- f. The Audit Committee receives regular reports from Internal Audit, which include Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement. The Audit Committee may also request additional reports to gain assurance from other parties on areas of concern. A Data Assurance Group exists to support Audit Committee in its evaluation of the management and quality assurance of the external reporting of data to statutory and regulatory bodies.
  - g. A risk prioritisation methodology based on risk ranking has been established.
  - h. An organisation-wide risk register is maintained for corporate level risks, including the ability of the University to continue to comply with all of its conditions of registration with the Office for Students.
  - i. A reporting structure has been implemented whereby high-level strategic opportunities and risks are overseen by the Risk Review Group and reported to the Audit Committee and Council. The University Executive Board receives reports on the action taken on all corporate level risks, along with suggestions for additions to and deletions from the risk register.
  - j. Council has approved an Ethics Policy and receives an annual report on its operation. The Research Ethics Committee of Senate provides assurance over ethical matters associated with research activities.
  - k. The University undertook a review of Council effectiveness during 2015-16. In future years these reviews will be carried out at four year intervals as required by the CUC Higher Education Code of Governance. Annual reviews based on feedback from Council members are also undertaken.
  - l. The responsibility of Council to maintain and protect the principle of academic freedom is enshrined in the University Charter and appropriate references made during the induction of new members of Council.
  - m. Sub-committees of the Senate Learning and Teaching Committee oversee the totality of the University's collaborative provision, reporting major developments or significant institutional risks through to Council as appropriate.
  - n. The University keeps under regular review the policies, procedures and powers delegated by the Council to other bodies and individuals, including the President & Vice-Chancellor.
  - o. The Secretary to Council is responsible for ensuring that the University's constitution is followed at all times, taking advice where appropriate.
5. The institution has contracted its internal audit function to an external provider. The provider's supervising partner for the assignment functions is the institution's Head of Internal Audit. The internal auditors submit regular reports, which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.
6. Our review of the effectiveness of the system of internal control is informed by the work of Internal Audit and by senior officers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.