Council, 8 February 2021

Annual Review of the Code of Ethics

Sponsor: President and Vice-Chancellor

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1. **Recommendations**

   (a)   To add new distinct sections to the Code of Ethics to cover **Conflicts of Interest** (see 5.1 below).

   (b)   To add a new cross-cutting theme to the Code of Ethics to cover **Data Ethics** (see 5.2 below).

   (c)   To take steps to mitigate the risk that activities in new University **subsidiary and spinout companies** (see 5.3 below) could cause the University reputational damage (including for example by inserting standard clauses in Memorandum of Understanding and/or Articles of Association).

   (d)   To add under the existing Research theme new policy or guidance on **security and international collaboration** (see 5.4 below).

   (e)   That the Code of Ethics should be brought to the attention of new members of staff as a mandatory element of induction, including **raising awareness** through the use of case study examples (see 5.5 below).

2. **Introduction**

2.1   In July 2017 Council approved a new University Code of Ethics to replace the previous "Framework for Decision-making Relating to Ethics and Reputational Risk" developed in response to recommendations made by a PwC internal audit report at the end of 2016.

Monitoring, reporting and review of particular policies under the new Framework became the responsibility of the relevant functional service. To facilitate this the University Secretary was given responsibility for the effective operation of the Code of Ethics and for its annual review.

In July 2018 the University Executive Board reviewed the operation of the overarching Code, including ensuring that the procedures and guidelines were current, publicised, and operating, and reported to Council, via Audit Committee, on the overall operation of the new Code and a review of its contents.

Annual reviews were conducted in 2019 and 2020.

The accepted recommendations from the 2019 annual review are attached (see Appendix 1) with an update on progress on their completion/implementation.

This report presents the outcomes of and recommendations arising from the 2020 review of the Code of Ethics.

3.   Process

3.1   Following a similar approach to the 2018 and 2019 reviews, the principal leads of areas identified in the Code (Education, Research, Fundraising, Finance) were asked the following five questions about the operation of the Code:

1. During the 2019-20 academic year have any significant or material matters within your remit been dealt with under the Code or the underlying procedures for which you are responsible? If so please provide a summary.

2. Have you made any substantive changes to the policies and procedures within your remit? If so what are they, and why was the change necessary?

3. Please confirm that the links to the procedures listed on the website, and the documents to which they refer, are up to date?

4. Is there anything in the Code itself that needs updating, has been problematic or where you think amendment or improvement is needed?

3.2   Where web links were found to have been out of date, these have been corrected or updated.

4.   Findings

Key findings are set out below.

4.1   <u>Significant or Material Matters</u>:

The only material matter raised by respondents related to two failures by staff to declare known conflicts of interest, which resulted in disciplinary action, although it was not necessary to trigger the fraud response plan.

4.2   <u>Changes to the underpinning policy and procedures</u>

The key changes reported by the principal leads include:

(a)   Updates and improvements to the Financial Regulations, and new procedures in response to the ongoing risk of International Students Card Payment fraud and a related Anti Money-Laundering Policy, supplemented by staff training. Other minor amendments to policies have been reported, as approved by the relevant Committee, e.g. updates to the Public Interest Disclosure (Whistleblowing) Policy approved by Audit Committee.

(b)   Updates to student related guidance around behaviours and community relations and the Recognition of Prior Learning Policy, as part of the Covid response. The Campaigns Steering Group has agreed changes to strengthen due diligence around donations and alumni relations, with came into effect this academic year.

(c)   The addition of reference to the Prevent Duty was proposed as part of the Safeguarding Policy under Education and new links covering the ethics review process for learning and teaching-related projects under Elevate.

5.   Proposed New Principles and Other Additions

5.1   **Conflicts of Interest:** The register of interest maintained by the University Secretary for Council and UEB members was extended in scope, as previously recommended, to include Heads of Department, including Professional Services Directors. It is now proposed to add a new principal area to the Code of Ethics which brings together the related existing policy's in relation to the different types of Conflicts of Interest. This new principal area would sit alongside and be in addition to the existing areas of Education, Research, Fundraising and Finance. It is proposed that this new domain area should include the existing governance procedure on <u>managing conflicts in decision-</u>

[making](#), but also other areas of conflict of interest where existing policy exists, including in relation to [Personal Relationships and Conflicts of Interest in the Workplace](#), Conflicts of Interest as set out in the [Financial Regulations](#) (Section 25), intellectual property rights etc. Further work is needed to implement policies around declaring, recording, reporting and managing [staff] conflicts of interest, following action taken as a result of the 2019 review. Subject to UEB and Council agreement the University Secretary will work together with Finance and HR and R&IS to bring together the relevant policies.

5.2 **Data Ethics:** Data ethics is an emerging and important area of ethics which should describe the value judgements and approaches taken when generating, analysing and disseminating data. This includes a sound knowledge of data protection and freedom of information law and other relevant legislation, and alongside those legal considerations the appropriate use of new technologies and data capabilities. The interface between compliance and capability requires a holistic approach, incorporating good practice in computing techniques, ethics and information assurance. The UK government has, for example, asked the public sector to work with data in an ethical responsible way and have released an ethical framework to spur data ethical innovation. It sets out principles to be followed on top of complying with existing law such as the General Data Protection Regulation. See:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/737137/Data_Ethics_Framework.pdf

It was proposed by UEB's IM&SG to add a new cross-cutting theme to the Code of Ethics in relation to the appropriate use of corporate information and data ethics, addressing the ethical impact and implications of using applications, data and algorithms for corporate purposes, including consent, fairness, transparency and accountability. Subject to UEB and Council agreement to the amendment to the Ethics Framework, The Director of IT Services and the University Secretary will work together to bring forwards relevant policies.

5.3 **Subsidiary and spinout companies:** It is proposed that the University needs to further mitigate the risk that a subsidiary, or spin-out company in which the University retains an interest, seeks income or investment from third parties or invests in External Companies, or engages in activities which would materially impair the reputation of the University. When the University sets up subsidiaries in the future the Articles of Association (or in the case of spin-out companies the MoU with the University) could, for example, include standard or specific provisions to ensure the subsidiary or spin-out shall not seek income or investment from third parties nor shall it invest in External Companies which it is aware are engaged in activities likely to cause harm to the reputation of the University. With Council agreement the Chief Financial Officer, Commercial Director and University Secretary will propose appropriate control measures.

5.4 **Security and international collaboration:** UUK published new guidance in October 2020 to protect the values of UK higher education while better understanding and managing risks associated with international partnerships. It is important the University continues to meet it public interest governance principle to protect academic freedom and members of the academic community in the context of the internationalisation of UK Higher Education. A National Security and Investment Bill 2020 proposed government powers to scrutinise and intervene in business transactions to protect national security, while providing investors with transparency. Professor Sue Hartley, Vice-President Research, working with colleagues in Global Engagement and Research & Innovation Services will bring forwards new guidance, and when agreed this should be included under the existing Research theme under the Code of Ethics.

5.5 **Awareness Raising:** Heads of Department and Directors of Professional Services are

likely to be aware of the Code of Ethics as its principal agents, particularly if they are the named owner of one of the named areas, or of a relevant policy within an area covered by the Code. However, the Code of Ethics is not more widely known about. It is proposed that various activities are needed, through 2021, and supported by Corporate Communications, to improve awareness of the Code of Ethics, including for example providing examples and tools to assist those who reference it. It is proposed that the Code of Ethics should be highlighted to Heads of Department (perhaps through a UEB HoDs event), brought to the attention of new members of staff as a mandatory element of induction, and included as part of awareness raising around the One University strategic theme.

6.   Follow-up action

6.1   Web pages will be updated and any changes to the Code communicated to relevant staff.

6.2   Following consideration by UEB, this report will be considered by the University Officer's ahead of being submitted to the Council for approval. The Audit Committee will also receive the report for information and assurance.

January 2021

The
University
Of
Sheffield.

University
Secretary's
Office.

Recommendations from the 2019 Annual Review of the Code of Ethics

Recommendations		Status	Comment
(a)	Confirm that the Code does not require amendment (attached at Appendix 1)	Complete	
(b	The University Secretary's Office to work with Corporate Communications to develop guidelines to support staff in identifying and making assessments about reputational risk, to include wider reputational risk.	Incomplete	This work stalled following initial discussions due to the impact of the pandemic. Progress is being made in distinct areas, e.g. work by the USO and HR and Finance on Conflicts of Interest and the draft due diligence framework.
(c)	The University Secretary's Office to work with Corporate Communications to raise awareness of the Code of Ethics Guidance/Questions for staff in general and HoDs in particular.	Incomplete	This work stalled following initial discussions due to the impact of the pandemic. Progress is being made in distinct areas, e.g. work by the USO and HR and Finance on Conflicts of Interest and the draft due diligence framework. Targeted staff communications are planned later in the academic year and the 2020 report includes a related recommendation relating to staff induction.
(d)	The register of interest maintained by the University Secretary for Council and UEB members be extended in scope to include Heads	Complete	This was implemented successfully with effect from 1 August 2020.

	of Department, including Professional Services Directors.		Note that this is a separate process from the responsibility of HoDs to ensure that departments maintain a departmental register of conflicts of interest declared by department staff.
(e)	The University Secretary's Office to develop guidelines around perceived and potential conflicts of interest, to include illustrative examples and record keeping, for officers and committee members and to issue advice to Committee Secretaries and potential wider dissemination.	Complete	This was approved and implemented early in the autumn of 2020, communicated widely and added to committee induction material.
(f)	Colleagues to advise the University Secretary's Office of changes to links to individual policies listed under the Code.	Ongoing	This is an iterative process and updates are also reported through the annual review.
(g)	The University Secretary's Office to work with the Vice-President for Research and Innovation to agree an approach to managing the potential reputational implications of subsidiary companies' activity.	Incomplete	This work stalled following initial discussions due to the impact of the pandemic. The 2020 report includes a related recommendation with respect to memoranda of understanding and company Articles of Association.