

Hybu Cig Cymru – Framework Document

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3.39	Updated security information x 2

GOVERNING PRINCIPLES

Governing Principles defining relations between the Welsh Government and Welsh Government-owned companies

Joint mission and purpose

Delivering for Wales. Companies which are owned by the Welsh Government play a key role in the governance of Wales and meeting the aspirations of Welsh citizens. From the perspective of the Welsh Government, the primary role of such a company is to fulfil its statutory or policy responsibilities and to meet objectives established by the Welsh Ministers using funds voted by the Senedd. This relationship is conducted through a partnership arrangement managed on behalf of Ministers by the Welsh Government. Companies can have diverse organisational forms, including charities and quasi-judicial bodies, and can cover jurisdictions beyond Wales. Whilst respecting this diversity, Ministers look to these companies primarily to deliver important functions and services for the people of Wales on their behalf.

Outcome focus and Company performance. Within the constraints set by statute and Ministerial commitments, the company's objectives will as far as possible be specified in terms of outcomes which are clear, relevant and challenging, and contribute to the goals set out in the Well-being and Future Generations (Wales) Act 2015 (WBFG). To promote innovation and efficiency, companies shall be given as much flexibility as possible in how these outcomes are achieved. Individual remit letters should be no more prescriptive than the company's responsibilities require. However, the performance framework should assess the contribution of the company in achieving its outcomes.

Relationships between the Welsh Government and its Companies

Relationships defined by trust and risk. The relationship between the Welsh Government and companies should be based on trust and mutual respect, with a proportionate approach to risk. Where there is evidence of poor performance or weak governance, the Welsh Government will adopt a more prescriptive 'hands-on' approach to the relationship. The Welsh Government will ensure that its partnership functions perform effectively and meet the expectations set out in these principles.

Effective collaboration. Welsh Government-owned companies are highly valued for their expertise and experience. These companies, the Welsh Government and the wider public sector recognise the importance of working together and building 'Team Wales', seeking opportunities for broader and deeper collaboration in policy development supporting each other and celebrating success. Opportunities to save money, identify efficiencies and improve effectiveness should be pursued collectively and energetically.

Effective communication. Companies and the Welsh Government form an extended family and undertake to maintain a consistent, respectful and collegiate approach to dealing with each other in public and private. All parties undertake to strive for effective communication, to be as open as possible, to share information on

a ‘no surprises’ basis and to manage contentious matters through dialogue and negotiation.

Governance and accountability

Company Board and Chair. Chairs of the boards of Welsh Government -owned companies are important figures in Welsh public life and will be appointed in accordance with the Code of Practice for Ministerial Appointments to Public Bodies. Boards are accountable to Ministers for achieving the defined objectives, ensuring high quality corporate governance and for oversight of the company’s executive, including the role of the Chief Executive or equivalent as the company’s Accounting Officer.

Primary role of the board in oversight of the Company. Governance and the internal control regime should be a matter primarily for the company’s board. The Welsh Government will rely on the board, internal and external audit, and Audit Wales for assurance. The Welsh Government’s role should focus on accounting for delivery of objectives and the management of relationships between it and the company. Clear roles and expectations for Ministers, Chairs, boards, executives, Accounting Officers, partnership teams and auditors should be set out in the Framework Document.

Performance management. Whilst we expect the norm to be good performance, effective governance and a respectful relationship, our approach must be capable of an effective response to poor performance or other problems. Where there is evidence of poor performance in relation to objectives, management of funds, board effectiveness or other aspects of governance, the Welsh Government has both the right and responsibility to become more involved and more prescriptive. Performance management will be risk-based, relying on evidence of robust internal control to support a lighter touch or, alternatively, to apply a stronger grip where risks are managed less satisfactorily.

Delegation. Welsh Government and company Accounting Officers remain jointly accountable for public funds spent through the company. However, the routine management regime should be only as prescriptive as necessary to be assured that public funds are managed correctly and that outcomes are being achieved cost-effectively. Financial responsibility will be delegated to the greatest extent possible, consistent with Welsh Ministers’ and Accounting Officers’ responsibilities.

Responding to change. In a changing world and with changing ministerial priorities, it may be necessary to reshape the functions and methods of service delivery of companies or, where more appropriate, to review the continued relevance of their objects and constitutional arrangements. The Welsh Government may from time-to-time conduct in-depth organisational or thematic reviews to ensure that its public bodies, including arm’s length bodies and Welsh Government-owned companies, remain fit for purpose and to make proposals for reform. Each company should expect to take part in a Tailored Review once in each Senedd term.

1. Introduction

- 1.1 This Framework document has been drawn up by the Welsh Government in consultation with Hybu Cig Cymru – Meat Promotion Wales (HCC), (the “Company”).
- 1.2 This document sets out the broad framework within which the Company operates, details the terms and conditions under which the Welsh Ministers may provide resources to the Company, and defines the roles and responsibilities of the Welsh Ministers and the Company as well as the relationship between them. The Company’s articles of association govern the day-to-day management of the Company.
- 1.3 The Welsh Ministers acknowledge that certain activities of the Company may be subject to certain laws or regulations, including the Companies Act 2006, and acknowledge that, if there is any conflict between this Framework Document and any relevant laws or regulations, those laws or regulations shall prevail. Any question regarding the interpretation of this Framework Document will be resolved by the Welsh Ministers after consultation with the Company.
- 1.4 The Welsh Ministers have a range of functions which will continue to accrue and be amended and decisions in relation to each such function are obliged to be taken in the light of all relevant, and to the exclusion of all irrelevant, considerations. Nothing contained or implied in, or arising under or in connection with, this Framework Document will in any way prejudice, fetter or affect the functions of the Welsh Ministers or any of them nor oblige the Welsh Ministers or any of them to exercise, or refrain from exercising, any of their functions in a particular way. Any reference in this document to any legislation whether domestic, European Union or international law will include all amendments to and substitutions and re-enactments of that legislation in force from time to time. The Company is wholly owned by Welsh Ministers, but the day to day relationship with the Company will be overseen by the Partnership Team.
- 1.5 In addition, the body must ensure that, in carrying out its functions, it does so in a way that is consistent with the Welsh Government’s Citizen-Centred Governance Principles. These incorporate the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee):
- Putting the Citizen First.
 - Knowing Who does What and Why.
 - Engaging with Others.
 - Living Public Service Values.
 - Fostering Innovative Delivery.
 - Being a Learning Organisation; and achieving Value for Money.
- 1.6 The body must also ensure that, in carrying out its functions on behalf of the Welsh Government, it does so in a way that is consistent with the sustainable development principles (the “ways of working”) as rehearsed in the Well-being of Future Generations (Wales) Act 2015.

- 1.7 Copies of this document together with any subsequent amendments have been placed in the Library of Senedd Cymru/Welsh Parliament (the “**Senedd**”) and made available to members of the public via the Company’s website.

2. Purpose of the Company

Statutory and Strategic Purposes

- 2.1 The Company was established under Section 4 of the Red Meat Industry (Wales) Measure 2010 (the “**Measure**”). As a public body, it acts as a delivery agent for Welsh Ministers and its role is to fulfil its responsibilities set within the context of the Welsh Government’s strategic aims. The principal purpose of the Company is to develop, promote and market Welsh red meat.
- 2.2 Hybu Cig Cymru – Meat Promotion Wales (HCC) is a private company limited by guarantee (Company No: 4635113) wholly owned by the Welsh Ministers. Its main purpose is to develop, promote and market Welsh red meat.
- 2.3 The primary source of funding for HCC is the Welsh Red Meat Levy (“the **Levy**”), which the Welsh Ministers have the power under section 4 of the Red Meat Industry (Wales) Measure 2010 (the “**Measure**”) to impose. These levy funds are public funds and shall be treated as such. Levy funds are subject to general and specific controls on public spending set by HM Treasury and the Welsh Government. The Levy is a charge payable by producers and processors / exporters on every animal that enters the red meat food chain.
- 2.4 Welsh Ministers have exercised their power and delegated functions under the Red Meat Measure to HCC through a delegation agreement, made between the Welsh Ministers and HCC on 28 March 2008 (“the Delegation Agreement”). Through the Delegation Agreement, HCC collects the levy at the point of slaughter in Wales or export and undertakes the statutory functions in relation to the Welsh red meat industry. The Company delivers its services on behalf of the Welsh Ministers within the context of the Welsh Government’s Programme for Government and subject to the directions and instructions of the Welsh Ministers.
- 2.5 Its functions are set out in the Measure as set out by Senedd Cymru. Working with the Company, the Welsh Ministers set its strategic objectives in its remit letter. The Company must set out how it will achieve its strategic objectives in its business plan (see paragraph 7.3 below).
- 2.6 The strategic objectives and business plan will remain in place for the term of the Government under which they are set but will cease in the event of a decision by the Welsh Ministers to dissolve, merge or change the function of the Company.

3. Governance and Accountability

Legal Context

3.1 The Company's powers and duties are set out in its Articles of Association.

3.2 In terms of its relationship with Welsh Government some of the Company's activities will be covered under the Teckal principles incorporated into the Public Contracts Regulations 2015. The Company shall ensure it complies with these Regulations to the extent applicable to it.

3.3 The Company is wholly owned by the Welsh Ministers. It must undertake its activities in accordance with:

- Its objects as specified in its Articles of Association.
- All applicable laws and regulations.
- The terms of any relevant State Aid/UK Subsidy Control approvals.
- The remit letter.
- Business plan as approved by the Welsh Ministers; and the principles, rules and guidance set out in *Managing Welsh Public Money*.

Roles and Responsibilities

Ministerial Responsibility

3.4 The First Minister has allocated responsibility for the oversight of the Company to the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs (the "**Minister**"). The Minister generally exercises the functions of the Welsh Ministers in relation to the Company and is ultimately accountable to the Senedd for its activities and its use of resources. The Minister is not responsible for day-to-day operational matters, which are the Company's responsibility.

3.5 The Minister sets the policy framework for the Company and is to meet the Company's Board of Directors [the "**Board**") each year to review performance and discuss current and future activities.

3.6 The Minister's responsibilities include:

- Appointing Board Directors.
- Appointing the Chairperson.
- Approving the appointment of the Chief Executive Officer ("**CEO**").

- Keeping the Company informed of Welsh Government activities within the areas to which the Company has been delegated statutory functions (as set out in the Measure); and
- Agreeing the Company's strategic objectives and aims and key targets.

3.7 The Minister may, where appropriate, act through officials in the Welsh Government in carrying out these responsibilities.

Accountabilities & Responsibilities of the Principal Accounting Officer

3.8 The Principal Accounting Officer (PAO) for the Welsh Ministers is the Permanent Secretary to the Welsh Government. The Principal Accounting Officer (the PAO) has responsibilities specified by HM Treasury and is accountable to the Senedd (through the Senedd's Public Accounts and Public Administration Committee) and to the UK Parliament (through the House of Commons Committee on Public Accounts) for:

- The regularity and propriety of the Welsh Government's finances.
- The keeping of proper accounts of the Welsh Ministers; and
- The effective and efficient use of resources voted to the Company under the Senedd Annual Budget Motion.

3.9 The PAO is also responsible for ensuring the financial and other management controls applied across the Welsh Government are appropriate and sufficient to safeguard public funds.

Accountabilities & Responsibilities of the Additional Accounting Officer

3.10 The Principal Accounting Officer for the Welsh Ministers is assisted in their duties by the Director General for Local Government, Housing, Climate Change and Rural Affairs (LGH&CCRA), who they have designated as the Additional Accounting Officer ("**AAO**") and to whom they have delegated responsibility for the Division within which the Company's partnership team sit.

3.11 The Director General, as the AAO, has a responsibility to support the PAO (and through the PAO to the Minister and the Senedd) in ensuring:

- i. The financial and other management controls applied by the Welsh Government are appropriate and sufficient to safeguard public funds and, more generally, those being applied by the Company conform with the requirements both of propriety and of good financial management.
- ii. There is an adequate statement of the financial relationship between the Welsh Government and the Company (that is, this Framework Document) and is regularly reviewed; and the quality of the Welsh Government's relationship with the Company remains good.

- iii. the conditions attached to the resources or grant-in-aid awarded conform with the terms of the Budget and that arrangements are in place to monitor compliance with those conditions by the Company.
- 3.12 The AAO is also responsible for ensuring arrangements are in place to:
- i. Address significant problems within the Company, making such interventions as are judged necessary.
 - ii. Inform the Company of relevant government policy in a timely manner.
 - iii. Periodically carry out an assessment of the risks both to the Welsh Government and the Company's objectives and activities.
 - iv. Monitor the Company's activities and its financial position through regular meetings and returns.
 - v. Bring to the attention of the Company's full board any concerns about the activities of the Company requiring explanations and assurances that remedial action will be taken; and
 - vi. Designate the Chief Executive of the Company as its Accounting Officer, unless otherwise covered by the Measure.
- 3.13 The AAO is responsible for advising the Minister on:
- i. Appropriate strategic objectives for the Company in the light of the wider strategic aims of the Welsh Government and key delivery and performance indicators.
 - ii. An appropriate budget for the Company in the light of the Group's overall spending priorities; and
 - iii. How well the Company is achieving its strategic objectives within the policy and resources framework determined by the Minister and whether it is delivering value for money.

3.14 The AAO must ensure appropriate oversight arrangements are in place.

Partnership Team

- 3.15 The AAO delegates responsibility for the day-to-day management of relations between the Welsh Government and the Company to the Deputy Director of Agriculture, Sustainable Development Division ("Deputy Director") who heads the partnership team within the Welsh Government.
- 3.16 The Deputy Director leads the partnership team within the Welsh Government and is to work closely with the Company's Chief Executive and be answerable to the AAO. They are also the primary source of advice to the Welsh Ministers on

the discharge of their responsibilities in respect of the Company and support both the PAO and the AAO in their responsibilities towards the Company.

3.17 Specific responsibilities include:

- Monitor and review HCC's performance against targets, reporting to Ministers and Senedd Committees as appropriate.
- Monitor HCC's financial position and performance against plans through regular meetings.
- Reporting to Ministers and appropriate Senedd Committees on financial performance.

3.18 The normal point of contact for the Company in dealing with the Welsh Government is the Head of Future Farming Policy (FFP) branch in the partnership team. The Company should notify FFP branch if it intends to meet with another area of the Welsh Government (except meetings and discussions with Public Bodies Unit).

3.19 Officials of the partnership team will liaise regularly with officials of the Company to review the Company's financial performance against plans and the achievement against targets. The body shall provide management accounts to the partnership team at least quarterly. Management accounts information should cover actuals and forecasts for income, expenditure, assets, liabilities and equity. The partnership team will also take the opportunity to inform and explain wider policy developments that might impact on the Company. Further information about the partnership team's responsibilities can be found at **Annex A**.

Chief Operating Officer

3.20 The Chief Operating Officer (COO) of the Welsh Government ensures that all Welsh Government public bodies within its remit are subject to relevant controls and given appropriate freedoms to manage their responsibilities.

3.21 COO has delegated specific responsibility to the following teams.

Public Bodies Leadership and Governance will:

- Ensure that all newly created arm's length bodies have been set up properly and have the proper agreements and documents in place by contributing to and clearing Ministerial Advice on new bodies before submission to Ministers.
- Provide advice and information to partnership teams on accountability and governance matters, including appropriate control and partnership documents, in consultation with finance and corporate governance teams so that all bodies are aware of their governance responsibilities.

HR Recruitment team will:

- Ensure that all appointments to non-executive posts or equivalent on the boards of Welsh Government bodies and companies, where these are regulated by the Commissioner for Public Appointments under the Public Appointments Order in Council, meet the requirements of the Governance Code.
- Where the Code does not apply, ensure that appointments are in accordance with the principles of the Code and best practice.
- Ensure that the appointment of Chief Executives and other senior staff meet the principles of the Code and best practice.

HR Pay and Reward team will:

- Confirm that all pay systems and proposals for pay settlements meet the requirements of the annual pay remit and wider Welsh Government policy, including the Real Living Wage, pay parity and other issues.
- Ensure that remuneration for non-executive board members reflects the contribution made by them, while maintaining control on costs and reflecting the different responsibilities of different bodies.
- Consider any proposals relating to pension provision, compensation payments or redundancy schemes. All such schemes based on the Civil Service Compensation Scheme will require approval from the Director, People and Places, Welsh Government, before any action is taken.

Accountabilities and Responsibilities of the Chief Executive as Accounting Officer of the Company

General

3.22 The Company's Chief Executive reports to the Chair of the Company. The Chief Executive is also the Accounting Officer for the Company as set out in *"Managing Welsh Public Money"*. As Accounting Officer, the Chief Executive is personally responsible for the proper stewardship of the public funds for which they have responsibility; for the day-to-day operations and management of the Company; and for ensuring compliance with the requirements of *"Managing Welsh Public Money"*.

3.23 The Chief Executive may be assisted in the exercise of their role by employees of the Company. The Chief Executive may also delegate the day-to-day administration of these responsibilities to those employees but remains responsible and accountable under the terms of their Accounting Officer Memorandum. All Accounting Officers also have accountability to the Permanent Secretary as Principal Accounting Officer for the Welsh Government.

3.24 The board must be fully aware of and have regard to the responsibilities placed upon the Chief Executive Officer as AO.

3.25 Further detail on the specific responsibilities of the AO of the Company, including their accountability to the Senedd, Welsh Government and the Company's board, are set out in the Memorandum "*The Responsibilities of a Welsh Government Company Accounting Officer*", which the AAO will have sent to the AO. A model Memorandum is attached at **Annex C** for reference.

Responsibilities of the Chief Executive to the Welsh Ministers and to the Board of the Company

3.26 The Chief Executive of the Company is appointed and employed by the board, with the approval of the Minister. The Chief Executive is the board's principal adviser on the discharge of its functions and is accountable to the board. The Chief Executive's role is to provide operational leadership to the Company and ensure that the board's aims and objectives are met and the Company's functions are delivered and targets met. The AO in an organisation should be supported by a board structured in line with the Wates Corporate Governance Principles and the [UK Corporate Governance Code](#).

Accountabilities to Senedd Cymru

3.27 The company's Accounting Officer is accountable to the Senedd for the following:

- Signing the accounts and ensuring that proper records are kept relating to the accounts.
- Ensuring that the accounts are prepared and presented in accordance with any directions issued from the Welsh Ministers.
- Signing a statement of Accounting Officer's responsibilities for inclusion in the Annual Report and Accounts.
- Signing the Governance Statement for inclusion in the Annual Report and Accounts.
- Giving evidence, including attending hearings, on matters relating to the company which arise before the Senedd's Public Accounts and Public Administration Committee, other committees of the Senedd, the House of Commons Committee on Public Accounts or other Parliamentary Committees, to account for the company's stewardship of public resources; and acting upon any recommendations of those committees that have been accepted by the Welsh Government.

Accountability to the Welsh Government

3.28 The AO of the Company is accountable to the Welsh Government, through its partnership team, for the following:

- Establishing, in agreement with the partnership team, the Company's corporate and operational plans, taking into account the contribution of the Company towards the Well-being of Future Generations goals.
- Informing the partnership team of progress in helping to achieve the Welsh Government's policy objectives and demonstrating how resources are being used to achieve those objectives.
- Ensuring that timely forecasts and monitoring information on performance and finance are provided to the partnership team; that the team is notified promptly if overspends or under spends are likely and that corrective action is taken.
- notifying the Welsh Government (or taking the appropriate pre-notification action) where decisions are to be made that meet the criteria in **Annex B**.
- Ensuring that significant problems are notified to the partnership team as quickly as possible.
- Employing the Well-being "ways of working"; and providing the Welsh Government with such information about its performance and expenditure as the Welsh Government may reasonably require.

Responsibilities in respect of the Company's Board

3.29 The Chief Executive is responsible for:

- Advising the board on the discharge of its responsibilities as set out in this Framework Document, relevant legislation, the Minister's Remit Letter or other communication with the Company; and any other guidance which may issue from time to time.
- Advising the board on the Company's performance against its aims and objectives.
- Ensuring financial considerations are taken fully into account by the board at all stages in reaching and executing its decisions, and suitable financial appraisal techniques are followed.
- Ensuring a system of good corporate governance and assurance throughout the Company, in line with the principles of the [UK Corporate Governance Code](#);
- Ensuring a system of risk management is maintained to inform decisions on financial and operational planning and to assist in achieving objectives and targets.
- Ensuring robust internal management and financial controls are introduced, maintained and reviewed regularly, including measures to protect against fraud and theft (such measures to incorporate a comprehensive system of internal delegated authorities).

- Ensuring there are procedures for handling complaints about the Company, including appropriate procedures for whistleblowing complaints.
- Developing and maintaining appropriate personnel management policies, all of which shall be readily available to all staff; and taking action as appropriate in accordance with the terms of the Accounting Officer Memorandum if the board or its Chair is contemplating a course of action involving a transaction which the Chief Executive considers would infringe the requirements of propriety or regularity; does not represent prudent or economical administration or efficiency or effectiveness; is of questionable feasibility; or is unethical.

3.30 Equality and fair work must be at the core of Welsh Government public service delivery and, as such, Welsh Government expects the bodies it funds to operate ethical standards of employment. The Chief Executive must ensure that pay arrangements in the body are equal for all, appropriate, transparent, provide value for money and reward staff fairly for the work they perform.

3.31 The Chief Executive is responsible for decisions around staffing within the Company. This includes policies covering staff terms and conditions; offering a pension scheme; and ensuring robust, appropriate and fair job evaluation and recruitment practices are followed. However, Welsh Government should be notified of specific change proposals, including redundancy arrangements – please see **Annex B** for detail.

3.32 The Chief Executive is also responsible for ensuring remuneration aligns to Welsh Government public sector pay principles. All pay changes should be notified to the Public Bodies Unit – please see **Annex B**. Any proposals to make changes outside the pay principles must be agreed by Ministers.

The Chief Executive's role as Principal Officer for Ombudsman Cases

3.33 The Chief Executive is also responsible for handling cases involving the Public Service Ombudsman for Wales.

The Board of Directors

3.34 The directors of the Company are appointed in accordance with the Companies Act 2006 and related legislation and the Articles of Association of the Company.

3.35 The Chair and board members are appointed by the Minister. Where these are regulated appointments, they are to be made in accordance with the Commissioner for Public Appointments' [Code of Practice](#). Where these are not regulated, the Company is encouraged to follow the principles of the code of practice.

3.36 The board must act in an open and transparent way and must publish its membership, agendas and minutes on its website.

Collective Responsibilities

3.37 In addition to the powers and duties of directors set out in the Companies Act 2006, the Articles of Association, and the Corporate Governance Code, the role of the board is to:

- Provide effective leadership to the Company, defining and developing strategic direction and setting challenging objectives.
- Promote high standards of public finance, upholding the principles of regularity, propriety and value for money.
- Ensure the Company's activities are conducted efficiently and effectively and in a manner consistent with the "five ways of working" (as in the Well-being of Future Generation (Wales) Act 2015).
- Monitor performance to ensure the Company fully meets its aims, objectives and performance targets.
- Promote the Nolan principles of public life: selflessness, integrity, objectivity, accountability, openness, honest and leadership.

3.38 The board is responsible for:

- Establishing and taking forward the strategic aims and objectives of the Company consistent with its overall purpose, the Well-being goals and within the policy and resources framework determined by the Minister.
- Ensuring strategies are developed for meeting the Company's objectives in conjunction with the Welsh Ministers, and other relevant stakeholders, for example employees, customers and funding providers.
- Ensuring that the Minister and partnership team are kept fully informed of any changes likely to impact on the strategic direction of the Company or on the attainability of its targets, and of steps needed to deal with such changes.
- Ensuring compliance with any statutory or administrative requirements in respect of the use of public funds.
- Ensuring the Company operates within the limits of its authority and any delegated authority agreed with the partnership team, and in accordance with any other conditions relating to the use of public funds.
- Ensuring that, in reaching decisions, that the Company takes into account guidance issued by the Welsh Government.
- Ensuring it receives and reviews regularly financial information concerning the management of the Company.

- Ensuring the Minister is informed in a timely manner about any concerns about the Company's activities, including activities that might affect the future level of resources required, and any policy or practice changes that may have wide financial implications.
- Taking appropriate remedial action to address any such concerns or changes with wide financial implications and providing positive assurances to the Minister through the partnership team about the same.
- Demonstrating high standards of corporate governance at all times, including by using the Audit and Risk Assurance Committee to help the board to address key financial and other risks; and
- Appoint a Chief Executive Officer. Ministerial approval is required prior to appointment, in accordance with the delegation's matrix set out at **Annex B**.
- Ensuring the Company considers equality of opportunity when approving policies and making decisions; and ensuring effective arrangements are in place to provide assurance on risk management, including information security, governance, internal audit, external audit and internal control in accordance with applicable statutory and regulatory requirements and, where relevant, Codes of Practice or other guidance relevant to the sector.

3.39 The board is also responsible for:

- Nominating a board member, either executive or non-executive. as the Senior Information Risk Owner (SIRO) with responsibility for ensuring that information assets and risks within the organisation are managed as a business process rather than as a technical issue. The SIRO will ensure that information risks which affect business objectives are highlighted to the Board and addressed.
- Adhering to the Government Function [Standard GovS 007: Security](#); completion of the annual Cabinet Office Departmental Security Health Check to be returned to the Welsh Government SIRO; ensuring independent certification of security arrangements to the [Cyber Essential Plus](#) and [IASME Cyber Assurance Level 2](#).

3.40 To do this, the board must ensure effective arrangements are in place to provide assurance on risk management, governance and internal control. It must establish an Audit and Risk Assurance Committee ("ARAC") chaired by a non-executive member (but not the Chair) to provide it with independent advice. The board must assure itself of the effectiveness of the internal control and risk management systems.

3.41 The personal responsibility of the Chief Executive Officer as Accounting Officer to ensure regularity, propriety and value for money in no way detracts from the responsibility of board members, who each have a duty to act in a way which promotes high standards of public finance and to ensure the Company's activities are conducted in an efficient and effective manner. The board must not give the Chief Executive Officer any instructions which conflict with their duties as the

Company's Accounting Officer

- 3.42 To the extent permitted by the Measure, the board may delegate responsibility for the administration of day-to-day management issues to staff, but it is to remain ultimately responsible and accountable for all those matters. The Company must maintain a list of matters reserved for decision by its board as well as a scheme of delegation approved by the Board.
- 3.43 The Chair shall report to the Welsh Government via the Company's Annual General Meeting (AGM). The Welsh Ministers shall, through the Welsh Government, be represented at the AGM by the relevant Director General, or their proxy.
- 3.44 The Board must act in an open and transparent way and must publish its membership, agendas and minutes on its website.

The Chair's Personal Responsibilities

- 3.45 The Chair is accountable to the Minister and to the board and may also be held to account by the Senedd. Communications between the board and the Minister must, in the normal course of business, be conducted through the Chair. The Chair must ensure that other board members are kept informed of all such communications.
- 3.46 The Chair is responsible for ensuring that the board's policies and actions support the Minister's wider strategic policies, and the Company's affairs are conducted with probity. Where appropriate, the Chair must make arrangements to communicate and disseminate these policies and actions throughout the Company.
- 3.47 The Chair has particular leadership responsibilities for:
- Formulating the board's strategies.
 - Ensuring that the board, in reaching decisions, takes proper account of statutory and financial management requirements and all relevant guidance including guidance provided by the Welsh Ministers.
 - Promoting the economic, efficient and effective use of staff and other resources.
 - Ensuring high standards of regularity, propriety and governance; and
 - Representing the views of the board to the public.
- 3.48 The Chair must also:
- Ensure all board members are briefed fully on the terms of their appointment and on their duties, rights and responsibilities.
 - Ensure that they, together with other board members, receive appropriate training, including on the financial management and reporting requirements of

public sector bodies and on the differences which might exist between private and public sector practice.

- Ensure that the board has an appropriate balance of skills and backgrounds that best reflect the diversity of Wales to direct the Company's business.
- In instances where appointments to vacancies on the board are to be made by the Minister, advise the Minister on the needs of the Company and how the board might best reflect the diversity of Wales.
- Assess the performance of individual board members in accordance with the arrangements agreed with the Welsh Government.
- Ensure that an appropriate Code of Conduct for board members, including rules and guidance on board members' interests and conflicts of interest, is in place and consistent with the Welsh Government model Code.

Individual Board Members' Responsibilities

3.49 In undertaking their duties and responsibilities, board members must:

- Comply at all times with the Company's Code of Conduct for Board Members, and with all applicable rules relating to the use of public funds and conflicts of interest.
- Not misuse information gained in the course of their public service for personal gain or political profit, nor seek to use the opportunity of public service to promote their private interests or those of persons or organisations with whom they have a relationship.
- Comply with rules on the acceptance of gifts and hospitality, and of external business interests.
- Declare all potential and actual conflicts of interest to the Chair and update this information at least annually or when circumstances change; and
- Act always in good faith and in the best interests of the Company.

Welsh Government Attendance at Board Meetings

3.50 Although they should not routinely attend, Welsh Ministers reserve the right for their officials to attend the Company's board meetings in an advisory and/or observer capacity. The board may also invite them to attend to provide particular advice or information.

3.51 The Company must provide their partnership team with advance agendas and papers for board meetings to allow it to consider whether officials wish to attend and contribute to discussions. Papers should be provided to the Welsh Government at the same time as they are provided to board members. The

Company should also highlight any novel, contentious, repercussive or difficult issues to be addressed at the board meeting to the partnership team.

- 3.52 For the avoidance of doubt, Welsh Government officials will play no part in the decision-making process of any board. A formal agreement detailing the role of Welsh Government officials attending board meetings must be developed in accordance with WG guidance.

4. Accounting and Reporting Requirements

Statutory Accounting and Reporting

4.1 The statutory accounting and reporting requirements for the Company are set out in the Companies Act 2006. The Company shall prepare, approve, sign and publish its financial statements each financial year in accordance with the requirements of the Companies Act 2006 and any relevant legislation pertinent to its sector.

Annual Report and Accounts

4.2 The Company must prepare an Annual Report and Accounts, in both English and Welsh including a Governance Statement, in accordance with, the [Government Financial Reporting Manual](#) and the [Companies Act 2006](#).

4.3 To support the preparation of accounts, registers of the following are required to be maintained:

- Gifts received and given;
- Hospitality received and offered; and
- Losses and special payments as described in “*Managing Welsh Public Money*”.

4.4 These registers enable the disclosure requirements set out in the Government Financial Reporting Manual and “*Managing Welsh Public Money*” to be met.

4.5 In addition to Companies Act requirements, Welsh Government requires the Annual Report and Accounts document to:

- Outline the Company’s main activities and performance during the previous financial year.
- Report on performance against key performance indicators and other deliverables
- Report on the activities of any corporate bodies under its control; and
- Set out the relationship between the Company and the Welsh Ministers as members of the Company in a way that is clear and understandable.

Presentation of the Annual Report and Accounts

4.6 As soon as the audit of the accounts is complete, the Company must liaise with the Auditor General for Wales (“**AGW**”) or other external auditor where appropriate and the partnership team regarding the precise timetable for laying and publication of the Annual Accounts and Report. The Report may not be published until after it has been laid before the Senedd.

4.7 The Company must submit the signed accounts, together with a letter of representation, to the AGW or another external auditor where appropriate.

4.8 A copy of the signed accounts shall also be forwarded to the partnership team.
The Minister will lay the accounts before the Senedd.

4.9 The Company may also be required to provide certain accounts information for Whole of Government Accounts process, and to allow assessment of whether the body falls within the accounting boundary for the Welsh Government Consolidated Accounts. Timing and scope of information required is annually communicated by the Welsh Government Finance function through the public bodies' Heads of Resources network. Management accounts information must be provided to the partnership team at least quarterly.

4.10 Where the body falls within the accounting boundary for the Welsh Government Consolidated Accounts, draft accounts must be provided to the Welsh Government Finance function in a timely manner, with timeframes agreed during the financial year. Subsequently, the audited accounts and ISA 260 report must be provided to the Welsh Government Finance function. Where there is a misalignment between the accounting policies of the body and the accounting policies of Welsh Government, a summary of the impact of the misalignment should be provided. Where requested by the Welsh Government Finance function, confirmations for specific Government Financial Reporting Manual disclosures should be provided.

Annual Report to the Minister

4.11 As soon as possible after the end of each financial year, the Company shall submit a report of its activities to the Minister. The precise format of the published annual report will be discussed with the Partnership Team, but as a minimum, it should show how the Company has:

- Delivered on the objectives set for it by the Minister; and
- Used the five ways of working set out in the Well-being of Future Generations Act (Wales) 2015 and the progress it has made in contributing to the seven wellbeing goals.

4.12 Following submission to the Minister, the Company should publish its report to permit the Senedd, other clients and the public to judge its success in meeting its targets.

5. Audit Arrangements

Internal Audit

Audit and Risk Assurance Committee

5.1 The Company must establish an Audit and Risk Assurance Committee (“**ARAC**”) of its board to advise its Accounting Officer and the Board on the adequacy of arrangements within the organisation for internal audit, external audit and corporate governance matters. In establishing its ARAC, the body should refer to the guidance set out in the [Audit and Risk Committee Handbook](#). ARAC will report, and be accountable, to the board as a sub-committee of that board and will be chaired by a member of the board (not the Chair), with a wholly non-executive membership. The Audit and Risk Committee shall share copies of the minutes of their meetings with the Welsh Government. Welsh Government officials also have a right to attend any meeting of ARAC if circumstances require it, as explained in paragraphs 3.50 – 3.52.

5.2 The Company must:

- Establish and maintain arrangements for internal audit in accordance with the objectives, standards and practices described in the Public Sector Internal Audit Standards: <https://www.gov.uk/government/publications/public-sector-internal-audit-standards>
- Ensure that, where the audit function is provided in-house, arrangements are made for external quality reviews at least once every five (5) years and in accordance with Public Sector Internal Audit Standards. The Welsh Government is to consider whether it can rely on these reviews to provide assurance on the quality of the Company’s internal audit.
- Following approval by the Company’s Accounting Officer and Audit and Risk Assurance Committee submit the audit strategy, periodic audit plans and annual audit report, including the Head of the Internal Audit Service’s opinion on risk management, control and governance, to the partnership team on an annual basis; and
- Notify the Welsh Government as soon as possible of any changes to the terms of reference of its internal audit arrangements and/or its Audit Committee.

5.3 The Welsh Government shall:

- In accordance with agreed oversight arrangements, assess the effectiveness of the body’s internal audit arrangements by scrutiny of their plans for future activity, reports on past activity and its annual assurance report (as prepared by the body’s Head of the Internal Audit Service, giving their opinion its risk management, control and governance); and
- Have a right of access to all documents prepared by the body’s internal auditor, including where the service is contracted out.

5.4 The Audit and Risk Committee shall be chaired by a non-executive director (but not the Chair) and shall have recent and relevant financial experience and a professional qualification from an accounting body.

5.5 The Welsh Ministers have a right to nominate a representative to attend any meeting of the Audit and Risk Committee. That representative will, as a result of attending the meetings, receive copies of all papers for the Audit and Risk Committee, and will share them with the Welsh Government's Internal Audit Services, which has overall responsibility for providing assurance on organisations which fall within the Welsh Ministers' accounting remit. A formal observer agreement detailing the role of the Welsh Government observer will be created and signed by the Welsh Government and the Company.

External Audit

5.6 The Auditor General for Wales (AGW) is HCC's statutory external auditor appointed by agreement under the Government of Wales Act 2006.

5.7 The Company shall provide to the AGW, as the Welsh Government's external auditor, such assistance, information or explanations as they reasonably request in the discharge of their responsibilities. If required to do so, the Company shall arrange for its external auditor to provide the rationale for its audit opinion to the Welsh Government and to the Welsh Government's external auditors.

5.8 The AGW may carry out examinations into the economy, efficiency and effectiveness with which the body has used its resources in discharging its functions and may make recommendations for improving economy, efficiency and effectiveness in the discharge of functions of bodies, and other studies relating to the provision of services. For the purposes of these examinations, as well as the statutory financial audit, the AGW has a statutory right of access to documents and information held by relevant persons.

Welsh Government Right of Access

5.9 The Company must, without charge, permit any officer or officers of the Welsh Government at any reasonable time and on reasonable notice (in exceptional circumstances, such as the prevention or detection of fraud, it may not be practicable to provide the company with reasonable notice) being given to the Company to visit its premises and/or to inspect any of its activities and/or to examine and take copies of its books of account and any such other documents or records howsoever stored as in such officer's reasonable view may relate in any way to its use of the funding provided. This undertaking is without prejudice and subject to any other statutory rights and powers exercisable by the Welsh Government, the Auditor General for Wales (or the European Commission) or any officer, servant or agent of any of the above.

6. Management Arrangements

General

- 6.1 The Company must at all times follow the principles, rules, guidance and advice in “*Managing Welsh Public Money*” and this Framework Document. The Company must refer any difficulties or requests for exceptions to the requirements of this Framework Document to the partnership team in the first instance. If a departure is required from this Framework Document, this must be agreed in writing by the Welsh Government. A list of the guidance and instructions with which the Company must comply is at **Annex D**.
- 6.2 From time to time, the Welsh Government will request certain information and data from the Company. Advice and guidance that public bodies need to take account of may also be issued from the Welsh Government Permanent Secretary and Public Bodies Unit, as well as HM Treasury.
- 6.3 The Company must ensure always its relationship with the Welsh Government is recognised appropriately through the use of the Welsh Government’s brand mark.
- 6.4 In pursuit of its aims the Company shall work closely with other organisations in Wales including the private sector, local authorities, other public sector bodies and the voluntary sector reflecting the commitments in the Welsh Ministers’ partnership agreements with the voluntary, business and local government sectors.

Staff Management

- 6.5 While the Company has the ability to set pay, terms and conditions for the staff that it employs, it is also expected by the Welsh Government to offer fair and progressive pay systems, flexibility on ways of working and meaningful consultation with staff. As a company wholly owned by the Welsh Government, it is expected to reflect the high standards of public service that Welsh Ministers require of Welsh public bodies. It should also take account of the pay remit issued by Welsh Ministers to arm’s length bodies.
- 6.6 The company will also ensure that:
- Staff management and development policies will be in place which reflect arrangements for staff appraisal and performance management including training and development to encourage staff to obtain relevant professional, managerial and any other skills and behaviours necessary to carry out their roles.
 - It has in place a Code of Conduct for its staff, consistent with the Model Code of Conduct issued by the Welsh Government.

- It has in place appropriate grievance and disciplinary procedures and appropriate arrangements to handle any staff concerns there may be regarding impropriety.
- It will work with its recognised trade unions or (where there is no recognised trade union) other representatives of its staff and will follow the principles of Social Partnership as set out by the Welsh Government.
- Meaningful consultation with its recognised trade unions or (where there is no recognised trade union) other representatives of its staff will be undertaken on matters which affect them.

6.7 The Welsh Government must be satisfied that all pay arrangements have been subject to an equal pay audit and, in addition, will require evidence from time to time that independent quality assurance arrangements that meet this requirement have been carried out.

6.8 All arrangements for negotiating pay and associated matters must reflect the Welsh Government's policy of Social Partnership [and the body shall recognise all trade unions which represent staff it employs]. The body shall also ensure that all its employees are paid no less than the Real Living Wage¹ as it applies to Wales.

6.9 The Company will need to take account of the HM Treasury publication of May 2012, *Review of the Tax Arrangements of Public Sector Employees*. This Guidance confirms the need for all staff to be paid through payroll arrangements. Other arrangements where staff (and, in particular, senior staff earning in excess of £58,200 per annum) are paid through intermediaries including agencies, employment businesses and personal service companies are not acceptable. The Company will need to make sufficient enquiries to assure itself that secondees are on the payroll of the seconding organisation rather than using an intermediary arrangement.

Staff Benefits and Non-Pay Rewards

6.10 In considering gifts or non-pay rewards to staff or board members the Company must take a view on whether such a course of action represents an appropriate use of public money. In devising staff benefits or non-pay reward schemes the Company must pay attention to HM Treasury's *"Regularity, Propriety and Value for Money"* and the Welsh Government's *"Managing Welsh Public Money"*.

Pensions and PAYE

6.11 Eligible staff employed by the Company will be enrolled automatically onto its approved occupational pension scheme in accordance with the Workplace Pension Reforms set out in the Pensions Act 2008 and the Occupational and

¹ The Real Living Wage is calculated by the Resolution Foundation and overseen by the Living Wage Commission, based on the best available evidence about living standards the UK. The basket of goods draws on the Minimum Income Standard to identify everyday living costs through public consensus. <https://www.livingwage.org.uk>

Personal Pension Schemes (Automatic Enrolment) (Amendment) Regulations 2012. Details as to the number of staff opting out of the occupational pension scheme after being automatically enrolled may be required from time to time by the Welsh Government.

- 6.12 Since April 2013, employers have been legally required to report PAYE in real time. Employers and pension providers must inform HM Revenue and Customs (HMRC) about tax, national insurance contributions and other deductions when or before the payments are made, instead of waiting until after the end of the financial year.

7. Planning Framework

Remit Letters

7.1 At the start of the Government term, or when practicable, the Minister will issue the Company with a remit letter setting out strategic objectives agreed for the Company. This arrangement will remain in force for the lifetime of the administration (term of Government), although the remit may be amended on written notice if, for instance, Ministerial priorities change. The Term of Government remit process is set out at Annex B.

7.2 The Minister shall issue a funding letter as soon as possible, and normally no later than one month, after the Senedd has approved the final budget. This shall set out all relevant funding arrangements and shall include the voted grant-in-aid figure (where applicable) and resource budget, broken down to budget control totals.

Business Plans

7.3 Within three (3) months of receiving the remit letter, the Company is to submit to the Minister a business plan setting out how it is to achieve its strategic objectives. The finalised plan, agreed by the Minister, is to reflect the Company's strategic aims and objectives and is to remain in place for the whole term of Government (that is, covering five years from the date of the letter), unless the remit changes as noted in paragraph 7.1.

7.4 At the end of the term of Government, the business plan is to roll forward until the new Government has set its strategic agenda.

Operational Plans

7.5 Each financial year, in light of the decisions by the Welsh Ministers on the allocation of budgets for the forthcoming financial year, the Minister is to send to the Company a formal statement of its budgetary provision in accordance with paragraph 7.10 below.

7.6 In response to this, the Company shall prepare an annual operational plan setting out the level of service to be achieved in key areas and the performance and output information to be collected to monitor progress. The operational plan is to be informed by the Minister's remit letter, the term of Government business plan, and the confirmed level of funding available. It is for the Board to determine the precise content of this plan. However, should the Minister or the Company wish it, Ministerial approval of the operational plan may be sought via the partnership team.

7.7 The operation plan must reflect the principles of the Well-being of Future Generations (Wales) Act 2015, and the Company must set out how it will use the five ways of working set out in the Act and how it will contribute to achieving the seven wellbeing goals. The Net Carbon Zero example (below) is a good illustration of the inputs and outcomes required.

Net Zero – Climate Emergency

It is imperative that all public bodies play their full part in our drive toward a net zero carbon Wales. As our recent Plan, *Net Zero Wales Carbon Budget 2 (2021 to 2025)* (<https://gov.wales/sites/default/files/publications/2021-10/net-zero-wales-carbon-budget-2-2021-25.pdf>) and the Committee on Climate Change risk assessment (<https://www.ukclimaterisk.org/wp-content/uploads/2021/06/CCRA-Evidence-Report-Wales-Summary-Final.pdf>) make clear, the Climate Emergency (<https://gov.wales/welsh-government-makes-climate-emergency-declaration>) and the risks arising from it are very real and pressing. Action is needed now to remove carbon from our systems and to respond to the challenge of adapting to a change in climate as we see the inevitable consequences of a change in global temperatures.

In March 2021, the Senedd put the 2050 Net Zero pathway (<https://gov.wales/climate-change-targets-and-carbon-budgets>) into legislation whilst *Net Zero Wales* has reconfirmed the ambition to achieve a collective carbon net zero public sector by 2030. In response, the body is expected to play its full role by requiring changes to its business behaviours and practices to create a just and sustained reduction in its consumption of carbon leading to a net zero position. When doing so, it is expected that the body:

Places climate change at the centre of all decision-making, large and small, to ensure we are both squeezing carbon emissions from every policy, operation and area of influence, and ensuring decisions take account of and adapt to the changing climate we see today and will in the future.

Uses the *Net Zero Carbon Status by 2030: A Route Map for Decarbonisation Across the Welsh Public Sector* (<https://gov.wales/sites/default/files/publications/2021-07/a-route-map-for-decarbonisation-across-the-welsh-public-sector.pdf>) to develop a plan and report on your actions to reduce emissions and move to carbon neutral operations by 2030. This may be in the form of an annual report on progress against a published action plan or a separate document.

Follows the *Public sector net zero reporting guide* (https://gov.wales/sites/default/files/publications/2021-05/welsh-public-sector-net-zero-reporting-guide_1.pdf) to report estimate baseline emissions (annually to Welsh Government), identify priority sources and to monitor progress towards meeting the target collective ambition of a carbon neutral public sector by 2030.

Demonstrates the steps you are taking to plan for the impacts of the changing climate. Climate risk considerations should be embedded into governance arrangements, policies and decision-making, taking account of the best available evidence on climate risk and resilience planning.

Adopts practices and behaviour which will set the standard, act as an exemplar and positively enable change to achieve a net zero carbon society in Wales.

This is in recognition of the public sectors unique position to influence emissions far wider than its own, relatively small but important direct emissions, in areas such as services, transport, energy and land use.

Publication of Plans

7.8 The Company is to ensure the business plan is made available to the public.

Budget Planning

7.9 The Welsh Government's budget planning arrangements are governed by the requirements of the Government of Wales Act 2006 and the Standing Orders of the Senedd.

7.10 The Company must co-operate with the partnership team by providing all necessary assistance and information to the Welsh Government to take forward its budget planning decisions.

7.11 The Minister will confirm both the net revenue and capital resource budgets and amount of grant-in-aid (cash) funding to be provided to the Company for the next financial year. As part of the net resource budget allocation, the Minister will also confirm the level of income which may be retained by the Company to fund activity in the financial year. This will normally be no later than one month after the final budget has been agreed by the Senedd. Any funding for the year in question must be authorised by the Senedd in its Annual Budget Motion.

7.12 Where possible, the Minister will also provide indicative budgets for subsequent years to inform budget planning. However, levels of indicative budgets can decrease or increase according to Government priorities, changes to Ministerial portfolios, budget fluctuations and/or concerns about the efficiency and/or effectiveness of the Company, which may be required to model different options for activity dependent on the funding available.

7.13 When setting revenue and capital resource budgets and grant-in-aid (cash) requirements (if applicable), consideration will be given to the levels of reserves (if any) held by the Company and income expected from other sources

8. Performance Management

Reporting Requirements

8.1 The Company must operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and Welsh Government of any changes which make achievement of objectives more or less difficult. The Company shall inform the Welsh Government of any changes that make the achievement of its objectives more or less difficult.

8.2 In accordance with the reporting requirements set out in the oversight arrangements to be agreed between the Company and the partnership team, key assurance documents, KPIs, details of actual and forecast expenditure, and other agreed monitoring information must be shared with the partnership team at agreed intervals to demonstrate milestones and targets are being achieved, and KPIs are within acceptable levels.

8.3 The Chair will also meet the Minister at least once a year to discuss progress.

8.4 It is the duty of the partnership team to undertake periodic assessments of the risk assurance available to them and may amend the level of oversight accordingly.

Exception Reporting

8.5 The Company must notify the Welsh Government as soon as it becomes apparent that:

- The full-year resource expenditure is likely to exceed its approved budget in any of the budget control totals; or
- It is likely to under spend by more than the equivalent of 10 per cent of its total income budget control total.

8.6 It shall also provide:

- An annual report of losses written-off and special payments made or sanctioned during the previous twelve months.
- An annual report outlining all cases of fraud and theft to which it has been exposed.

Subsidiary Companies and Joint Ventures

8.7 The Company shall not establish subsidiary companies or joint ventures which involve setting up special purpose vehicles – such as companies, partnerships or any other structure with legal identity and liability – without securing the prior written approval of the partnership team.

8.8 Any subsidiary company or joint venture controlled or owned by the Company shall be consolidated with it as required by accounting standards and, unless agreed otherwise by the partnership team, shall be subject to the controls and requirements set out in this document, and to any such other further provisions set out in pertinent guidance and instructions.

8.9 EID Cymru Ltd is a subsidiary company of HCC, for which separate governance structures in place.

9. Revenue and Capital Resource Budgets

Expenditure

9.1 Subject to any restrictions imposed by the Measure or other relevant legislation, directions of the Welsh Ministers, or by this document, the Company may, as soon as its budget has been approved by the Minister, incur expenditure on the programme approved in its annual budget without further reference to the partnership team, subject to the following conditions:

- The Company shall comply with the delegations set out in Annex B and the limits in Annex C. These delegations must not be modified or breached without the written agreement in advance of the partnership team.
- The Company must obtain written approval in advance of proceeding with.
 - i. any proposal which could be considered to be novel, contentious or repercussive;
 - ii. any change of policy or practice which has wide financial implications;
 - iii. anything which might affect the future level of resources required; or any significant change in the operation or funding of any initiative or particular scheme approved by the partnership team.
- the Company shall follow the policy framework set out in “*Managing Welsh Public Money*” in relation to the procurement of goods and services.
- the Company shall resist requests for payment in advance except in exceptional cases where it is considered that some payment may be necessary. In such cases, the principles set out in “*Managing Welsh Public Money*” must be observed.
- the Company shall consult the partnership team before entering into any property lease agreement. The partnership team must also approve in advance any proposals to relocate or move to new accommodation.
- the Company must be open and transparent in its approach to gifts and have clear policies on disclosing information about, and the procedures adopted for, making any gifts.

9.2 Expenditure against revenue and capital resource budgets must be recorded and monitored by the Company in accordance with [HM Treasury's Consolidated Budgeting Guidance](#) (or its successor). These are the net expenditure limits, up to which the company can incur expenditure in each financial year – including any use of reserves for which budgetary cover has been given – and must be adhered to. Net expenditure above these limits may not be committed until or unless a revised budget has been agreed in writing by the partnership team.

9.3 The Company may not breach the component parts of the revenue and capital resource budgets. Approval must be sought in advance and in writing if the Company wishes to spend more in one category and less in another.

9.4 Revenue and capital resource budgets cover all income and expenditure by the Company, including ring-fenced grants provided by Welsh Government and income received from other sources.

9.5 The Company is designated in an Order under section 126A of the Government of Wales Act 2006. This means the net resource budgets, retained income limit, and grant-in-aid (cash) (if relevant) set for the year in question will be voted as part of the Senedd Budget Motion.

Income and Resource Budgets

9.6 All streams of income received by the Company are treated as public funds and the requirements of this document apply equally to them and subject to the following conditions: -

- In accordance with section 4(2) of the Measure HCC shall not use funding raised by a levy paid by persons in respect of activities in the cattle sector, the sheep sector or the pig sector for the purpose of meeting expenditure incurred or to be incurred in relation to a different sector.
- In accordance with the Delegation Agreement HCC shall use funding raised by the levy collected by HCC solely in connection with the performance of the Delegation Agreement.

9.7 The Company must seek as far as possible to maximise its income from sources other than the public sector where this is consistent with its functions (and is in line with the business and operational plans). It may retain income to fund activities during the year up to the level set out in the funding letter that is derived from, for example, proceeds from sale of land and buildings and other assets, grants given by the EU, grants given through lottery funds, any proceeds from the Company's commercial activities and those resulting from the sale of services into wider markets. Such activity must be undertaken in accordance with the terms of *"Managing Welsh Public Money"* and this Framework document.

9.8 The limit for income which can be retained by the Company to fund activity during the financial year is set out in the funding letter. If total income is set to exceed that limit, the Company should discuss with the partnership team and seek approval from Welsh Government's Director of Finance.

9.9 Certain types of income such as donations, grants for research from non-public organisations, or bequests given to the Company may be restricted in their use. Such funds should be managed in accordance with the terms of the donation/grant or bequest. They must still be included within the income reported by the Company and form part of the income retention limit. When they are used, any excess associated expenditure incurred will still need resource budget cover.

Borrowing, Lending, Guarantees and Investments

- 9.10 The Company shall not, without the Welsh Government's prior written consent, borrow (including temporary borrowing facilities in the form of a pre-arranged overdraft facility to bridge any gaps between long-term borrowing arrangements); lend; charge any asset or security; give any guarantee or indemnities; letters of comfort; or incur knowingly any other contingent liability (as described in "*Managing Welsh Public Money*") whether or not in a legally binding form. All financial guarantees and indemnities given by the Company under the Red Meat Industry (Wales) Measure 2010 must be covered adequately against un-drawn Senedd Public Expenditure Resources.
- 9.11 Nor shall the Company make any investments without securing the prior written approval of the partnership team except in respect of short-term deposits of cash surpluses.

Grants, Loans and Contracts awarded by the Company to other Entities

- 9.12 All grants must comply with the terms of "*Managing Welsh Public Money*" and be made subject to appropriate terms and conditions which provide adequate protection for the public purse.
- 9.13 Terms and conditions must, for example, allow for phased payments, reinforce rights of access for Welsh Government officials and the Auditor General for Wales, ensure the Welsh Government's financial interests are adequately protected, and allow for clawback in certain circumstances, e.g. if grant monies are used other than for approved purposes.
- 9.14 The Company must take steps to appraise the financial standing recipient entity, for example. By reviewing financial statements and compliance with statutory reporting bodies and carrying out checks with credit reference agencies.
- 9.15 The partnership team must be notified of any loan schemes the Company wishes to enter into. Where approval is given, borrowing must be managed under similar arrangements to those for grants.

UK Subsidy Control

- 9.16 If the activity being supported is commercial or economic in nature, all support provided will need to comply with the UK subsidy control regime as well as all relevant international treaty obligations. The Company must apply the four-limbed test prior to award, ensure that support adheres to the seven principles for a compatible subsidy and further ensure that subsidies are appropriately managed, remembering that a subsidy is an advantage in any form whatsoever, conferred on a selective basis to an undertaking engaged in economic activity, giving it an advantage it would otherwise not have had. The Company is responsible for ensuring appropriate levels of transparency in reporting on the types of aid that have been provided. Please refer to the UK Government's guidance on the awarding of subsidies for further information:

<https://www.gov.uk/government/publications/uk-subsidy-control-statutory-guidance>

9.17 The Welsh Government operates a pre notification system for any decisions the Company makes which could impact on Welsh Government's Consolidated Accounts. Detail of these decisions is set out in **Annex B**.

10. Grant-in-aid and Cash Management

Grant in Aid

10.1 No recurring Grant-in-Aid is currently payable to HCC.

10.2 The Company shall continue to provide the Welsh Government with regular information, at least quarterly or more often if required by the partnership team, via its grant-in-aid claims which will enable the Welsh Government to satisfactorily monitor:

- The Company's cash management.
- Its draw down of grant-in-aid.
- Forecast resource outturn by resource headings; and
- Other data required for HM Treasury's reporting systems.

Cash Balances

In Year

10.3 Cash balances accumulated during the course of the financial year must be kept at the minimum level consistent with the efficient operation of the Company.

End of Year

10.4 The Company is permitted to carry-over from one financial year to the next any unspent cash balances, of up to 10 per cent of its annual income.

10.5 The delegation agreement (Section 3.5.2) explicitly states: "The Levy received and collected by HCC under clause 4 on behalf of the Ministers during each Year shall be applied by HCC solely in connection with the performance of this Agreement as specified in that Business Plan. Until the Levy received and collected is so applied, such funding shall be deemed to be received in trust for the Ministers. With the Ministers' prior written consent (which they may not unreasonably withhold), any funding not expended within each Year may be retained by HCC and expended in accordance with the Business Plan in subsequent years."

10.6 Any proposal to carry-over sums in excess of 10% will be considered by the Welsh Government Finance Director and will not be unreasonably withheld. This arrangement will be monitored during the year and evaluated at the end of the year to ensure that it is appropriate to meet HCC's cashflow needs with a view to assess whether the 10% threshold needs to be revised. The threshold will be considered and taken into account in setting subsequent years' levy.

Annual Review of Cash Reserve Tolerance

10.7 Given the various factors influencing cash flow and income volatility, an annual review mechanism will be established to assess the need to revise the 10% threshold.

10.8 This review will consider:

- Levy income trends and throughput fluctuations
- Levy rate changes and their impact
- Timing of levy returns and repatriation
- Cash flow forecasts and working capital requirements
- Forecasted projects aligned with business plan

10.9 Adjustments to the cash reserve threshold can be proposed based on these assessments, ensuring that reserves remain appropriate to manage financial uncertainties without accumulating excessive cash balances.

Welsh Government Position on Cash Reserves

10.10 The Welsh Government has no appetite to claw back cash reserves, unless considered excessive, and is committed to ensuring that cash balances are managed within a realistic framework.

10.11 It is, therefore, in the mutual interest of both the Company and WG to maintain a prudent but flexible cash reserve policy that allows for financial resilience while avoiding undue accumulation of surplus funds.

Cash Flow Management Requirements

10.12 To ensure operational stability and continuity of planned activities, it is essential to maintain a sufficient cash reserve to manage both delays in levy income receipt and uncertainty in livestock throughput.

10.13 In the extreme and unlikely event of a short-term cash shortfall being forecasted and to avoid the use of commercial overdraft facilities, Welsh Government will consider proposals from the Company to ensure that an appropriate mechanism is in place in advance to allow support to be provided through a transfer of short-term cash.

Interest Earned on Cash and Bank Balances

10.14 All interest, net of any bank charges, earned by the Company on its cash and bank balances is to be declared annually and surrendered to HM Treasury via the Welsh Consolidated Fund at the financial year end.

11. Economy, Efficiency & Effectiveness

Evidence Base

11.1 In order to ensure value for money, the Company must have in place appropriate systems, and the capacity, to ensure its policies and programmes are evidence based in relation to their development, implementation and evaluation.

11.2 The Company shall review its services and activities on a regular basis.

11.3 The Company must also ensure that its approach to carrying out appraisals and evaluations shall be fully consistent with the principles set out in guidance

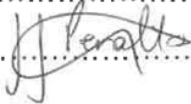
Tailored Reviews

11.4 The partnership team and Public Bodies Unit will consider annually the need for a Tailored Review of the Company, which will be based on the risk framework and proportionate to the size of the organisation. The Company will be provided with advance notice of a review taking place. The purpose of the review is to provide assurance to the Minister that the Company remains fit for purpose. The review will consider the Company's strengths and weaknesses and capacity for delivering more effectively and efficiently, including identifying the potential for efficiency savings, and where appropriate its ability to contribute to economic growth. It will also consider the control and governance arrangements in place to ensure the company and the Welsh Government are complying with recognised principles of good governance.

The terms of this Framework Document were approved by the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs on 2 June 2025.

Signed.......... Director for Local Government,
Housing, Climate Change and Rural Affairs

Dated.....30/07/2025.....

Signed.......... Chief Executive [or other
nominated officer on behalf of
Hybu Cig Cymru

Dated.....30/07/2025.....

Annex A – Partnership Model

Partnership Function set out in Model Framework Document

- The submission of advice to relevant Welsh Ministers and provide briefing for relevant Senedd committees on matters concerning the body.
- receive and act on information provided by the body under the framework document.
- check claims for, and if satisfied, authorise payment of grant-in-aid (GIA);
- communicate the Welsh Government's policy to the body and advise on the interpretation of policy.
- advise Ministers on performance targets and indicators that are clear, relevant and challenging.
- monitor and review body performance against targets, reporting to Ministers and Senedd Committees as appropriate.
- advise Ministers on expenditure priorities and appropriate levels of GIA.
- monitor bodies financial position and performance against plans through regular meetings with and returns from bodies; and reporting to Ministers and appropriate Senedd Committees.
- issue guidance to bodies.

Essentials of Effective Partnership

The principles which define the working relationship between a partnership team and its arm's length body are set out in the introduction to this Framework Document. The aims of partnership are to:

- Foster a relationship between the Welsh Government and the arm's length body which is based on mutual trust and respect and open and honest communication.
- Ensure that the strategic aims and objectives of an arm's length body reflect and promote the wider strategic objectives of the Welsh Government and also the goals and principles set out in the WBFG Act [and the Social Partnership and Public Procurement (Wales) Bill/Act 2023].
- Provide the arm's length body with the support and guidance it requires or may request to achieve its objectives.
- Encourage and promote high standards of corporate governance and financial accountability within the organisation to ensure its efficient and effective operation.

- The functions of partnership that underpin these principal aims are set out in this Framework Document, which defines the relationship between the partnership team and the body for which it has responsibility. The functions are listed in Appendix A.
- Partnership teams need to strike a balance between control and allowing bodies to operate independently on a day-to-day basis, as was the intention in setting up the body as an arm's length organisation. They need to ensure that the relationship is an effective one, with each partner enabling and supporting the other in the achievement of Ministerial objectives. Partnership teams and bodies also need to make sure they share information and best practice in a relevant and timely way and seek out opportunities to work together more effectively.
- The following paragraphs attempt to summarise the more important attributes that help to ensure that the partnership role can be performed as effectively as possible.
- **Clear Understanding of the corporate governance framework within which bodies operate:** A good knowledge of how the operational and business planning and annual remit setting process works and links with the Welsh Government's strategic aims and objectives (reflected in the Programme for Government); and group/divisional and branch planning. Ensuring that the body understands the monitoring process and what is expected of them.
- **Of the financial accountability framework within which both the Welsh Government and the body operate:** A clear knowledge of the respective roles and obligations set out in the Framework Document; the relevance and importance of the audit process including management letters and additional assurance reports; the sensitivity of Audit and Risk Assurance Committee recommendations and their implementation.
- **Of the operational role and structure of the body:** Together with an appreciation of the problems it faces or perceives it faces and clear roles, responsibilities and accountabilities between the partnership team and the body.

Assessment of Risk

A clear and ongoing assessment of the risks involved in the partnership relationship and a strategy for dealing with them: For instance, specific or generic risks arising from the nature of the body's role (such as *differing risks associated with different bodies*). Also, specific risks relating to financial management identified in management letters; a pattern of failure in meeting strategic targets; or identifiable "blind spots" in terms of communication, which may require the partnership team to take a more 'hands on' role in the oversight of the body.

Effective Communication

- **A clear structure for formal communication:** In respect of data which is of mutual benefit and regular operational and business planning and the formal reporting and monitoring arrangements that fall out of these. This may include meetings between the Chief Executive and members of the partnership team, Public Bodies Unit or Director General, as appropriate, to review performance and discuss cross cutting or arising issues.
- **A culture of frequent but not intrusive informal communication:** Is important in helping to build confidence and trust, which in turn can engender openness and a willingness to share and resolve problems at an early stage. This should include informal communication between the Chief Executive and members of the partnership team or Director General in addition to dialogue between officers. Annual information sharing/networking events should be considered, giving opportunities for policy and delivery colleagues to meet, share best practice and develop working relationships.
- **There is good senior level involvement:** To ensure good strategic direction, and to reflect commitment to the relationship.
- **Effective internal communication:** Knowing who to contact within the Welsh Government for advice on issues such as budgeting; propriety; procurement and personnel issues: and a willingness to do so.
- **Inclusive policy development:** An appropriate level of involvement in any policy development should be secured for the body, with regular dialogue and communication continuing throughout the process.

Establishing an Authoritative Presence

The partnership team should act as the principal access point to the Welsh Government for the body and act as a source of authoritative advice (even if that advice is acquired from elsewhere), recognising the role of Public Bodies Unit in ensuring equity of treatment of bodies across the Welsh Government and its specific responsibilities for matters on pay, pensions appointments and remuneration. A willingness to take ownership of such advice in communication with the body is vital. Understand the communications you are passing on and be prepared to give advice.

- **Challenge and scrutiny:** Make clear that properly structured and robust questioning of the body is an essential part of the role, in support of public accountability, but this should be at a strategic rather than operational level, to avoid micro-management. Analyse proposals and make informed recommendations to third parties (including, but not limited to, Accounting Officers and Ministers).
- **Link with Ministers:** Establish agreement with Ministers on what the body is meant to achieve then advocate its position firmly and with integrity.

Skills

- **Effective training:** Effective reciprocal induction training and specific effective partnership training (jointly with the body's personnel where possible). Consideration of the appropriateness of desk training; short-term acclimatisation job-swaps; secondments or work shadowing; to aid understanding of roles and challenges.

Annex B – Delegations

Public Bodies Calling-in Arrangements

Approval, Pre-notification and Notification Arrangements.

1. PBU has agreed with the First Minister transitional arrangements to provide assurance to him and the Permanent Secretary that the removal of the calling-in procedures with Arms-length bodies does not pose any risk to the Welsh Government, or to the effective delivery of the Government's Programme. These are arrangements to provide the Welsh Government with baseline data by which it can assess the volume of issues where responsibility is being transferred and to be sighted on the approach each body is taking to the new arrangements.
2. PBU has agreed with the First Minister that it will put in place **Approval, Pre-notification and Notification** arrangements for decisions previously the subject of calling-in arrangements. The intention of the arrangements is to keep the Welsh Government informed of how the new process is working in practice, rather than the continuation of a mechanism for approval by the Welsh Government
3. All requests for approval, or issuing pre-notifications or notifications, must be directed to the partnership team in the first instance.
4. Accounting Officers in Public Bodies will be accountable for the decisions requiring notification. The Welsh Government may give advice on issues requiring pre-notification, as set out in Table B, but it is ultimately for the Chief Executive to take the decision. In the event of the Company deciding to disregard Welsh Government's advice, the Partnership Team will recommend to the Minister a discussion is held with the Chair with the Minister reserving the right to overrule a decision falling into this category where the Company has chosen for no justifiable reason to disregard Welsh Government advice.
5. The exceptions will be the decisions contained in Table A where the Welsh Government will be responsible for the decision.

Table A Approvals

Decision	Approval
Appointment of Chief Executive	Additional Accounting Officer and Minister
Term of Government Business Plan	Minister
For companies classified as central Government organisations for accounting purposes: <ul style="list-style-type: none"> a) Cash carry-over end of year in excess of 10% of total income/ Cash b) Establishing new subsidiary companies/joint ventures c) Any borrowing, lending, guarantees, indemnities or investment related to public money d) Receipt of income to fund activities during the year over and above that set out in funding letter. 	Welsh Government Finance Director
Any decision set out in legislation as requiring consent of Welsh Ministers e.g. The Natural Resources Body for Wales (Establishment) Order 2012 requires Ministerial approval of an annual corporate plan	Minister
Redundancy arrangements based on the Civil Service Compensation Scheme (bodies with Civil Service Pension)	Head of Pay and Remuneration, Public Bodies Unit, who will seek advice of the Minister as appropriate.

Table B - Pre-notification Arrangements

CEOs should notify their Partnership Team of any proposed decisions falling under the following categories as and when they arise to allow Welsh Government to provide appropriate advice. The Partnership Team will aim as far as possible to respond within two weeks. Should the Body decide to disregard Welsh Government's advice, the Partnership Team may escalate the matter to the Minister, who reserves the right to overrule a decision taken by a Public Body which, after discussion, is not justifiable.

These decisions should also form part of a 'stocktake' discussion at quarterly monitoring meetings:

Decision	Pre-notification Action	Further Advice
<p>Novel, contentious or repercussive proposals in line with Managing Welsh Public Money, including, but not restricted to, proposals that:</p> <ul style="list-style-type: none"> • Are non-standard practice • Are politically sensitive and/or likely to attract negative media attention • Could result in unwelcome consequences for the organisation and/or for the wider public sector 	<p>Partnership Team, in conjunction with the appropriate policy teams, to prepare advice to discuss with Public Bodies Unit, who will seek written advice of the Corporate Governance Centre of Excellence and any other Body with expertise in the issue.</p>	<p>Additional Accounting Officer and Minister, as appropriate</p>
<p>Any course of action considered by the Board that would contravene the principles of regularity, propriety, prudent and economic administration, efficiency and effectiveness and which the CEO has advised against.</p>	<p>Partnership Team to prepare advice to Additional Accounting Officer</p>	<p>Additional Accounting Officer</p>
<p>Policy or practice change that has wide financial implications</p>	<p>Partnership Team to prepare advice to Head of Budgetary Control copied to Public Bodies Unit</p>	<p>Minister, as appropriate</p>

Decision	Pre-notification Action	Further Advice
Staff remuneration & terms and conditions	Partnership Team to submit proposals to Head of Pay and Remuneration, Public Bodies Unit on: <ul style="list-style-type: none"> • changes falling outside WG public sector pay principles; • organisational design changes likely to lead to severances 	Minister, as appropriate
Anything that might affect the future level of resources required, e.g. potential budget pressures or underspends	Partnership Team to consider	Welsh Government Finance Director, as appropriate

Other Notification Arrangements

During the transition period, CEOs should notify Partnership Teams at their quarterly monitoring meetings of any other decisions they have made or are likely to make in the next quarter that would previously have been referred to the Welsh Government.

Annex C

Summary of Approval Requirements and Delegation Limits

Subject	Delegation Limit
Appointment of Chief Executive	Ministerial approval
Staff remuneration and terms and conditions	Amendments to overall terms and conditions require Ministerial approval
Pension arrangements and payment of redundancy or compensation	Approval of partnership team
Business and Operational Plan	Ministerial approval
Subsidiary companies and joint ventures	Director-General approval
Virement outside of specified limits	Approval of partnership team
Novel, contentious or repercussive proposals	Welsh Government Corporate Governance approval
Any borrowing, lending, guarantees, indemnities or investment	Director-General or partnership team Approval
Capital projects	HCC Board
IT projects	HCC Board
Consultancy contracts	HCC Board
Single tender departures	HCC Board up to £50,000 and Partnership Team above the limit
Gifts, hospitality, prizes etc (£250 per occasion on gifts and prizes and £20,000 per occasion of hospitality with an annual aggregate limit of £100,000)	HCC Board to the given limits and Partnership Team above those limits
Sponsorship	HCC Board
Losses and special payments	Approval of partnership team
Retention of receipts over and above limit set out in funding letter	Approval of partnership team
Carry-over	End-of-year – 10% of total income. Above this figure, Welsh Government Finance Director

Annex D: Accounting Officer Memorandum

MEMORANDUM FOR THE ACCOUNTING OFFICER FOR HYBU CIG CYMRU MEAT PROMOTION WALES

THE RESPONSIBILITIES OF THE ACCOUNTING OFFICER OF A WELSH GOVERNMENT-OWNED COMPANY

Introduction

1. This Memorandum sets out the responsibilities of the senior official (usually the Chief Executive or equivalent) of a Welsh Government-owned company (the company) who is designated as the Accounting Officer for that company. Its contents are also applicable to the senior officials of public bodies for which there is no designated Accounting Officer.
2. An Accounting Officer is designated for those Welsh Government-owned companies which are financed by a large grant or grant in aid or where the accounts of the company are to be laid before Senedd Cymru/Welsh Parliament. Where it is in the interests of public accountability, the Welsh Government will also designate an Accounting Officer for a company which receives its primary funding from other sources. It is an important principle that, regardless of the source of the funding, Accounting Officers are responsible to Parliament and the Senedd for all the resources under their control.
3. The Principal Accounting Officer (PAO) for the Welsh Ministers, designated in accordance with section 129 (6) of the Government of Wales Act 2006 (the 2006 Act), as amended, is responsible for ensuring the appointment of appropriate Accounting Officers for public bodies and companies funded by the Welsh Government. The PAO has, in turn, delegated to their Additional Accounting Officers, designated under section 133 (2) of the 2006 Act, responsibility for designating as Accounting Officers the senior officials of companies for which their Groups have oversight.

The General Responsibilities of the Accounting Officer

4. Your designation as Accounting Officer reflects the fact that under the board (whether or not you are a member of the board) you are responsible for the overall organisation, management and staffing of the company and for its procedures in financial and other matters.
5. You must ensure that there is a high standard of financial management in the company as a whole; that financial systems and procedures promote the efficient and economical conduct of business and safeguard financial propriety and regularity throughout the company; and those financial considerations, including feasibility and sustainability are taken fully into account in decisions on policy proposals.

The Specific Responsibilities of the Accounting Officer

6. The essence of the Accounting Officer's role is a personal responsibility for the propriety and regularity of the public finances for which you are answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance; and for the efficient and effective use of all the resources.
7. As Accounting Officer you must:
 - a. sign the accounts assigned to you, and in doing so accept personal responsibility for their proper presentation as prescribed in legislation, the accounts direction and relevant guidance.
 - b. ensure that your organisation conforms with the requirements of the Framework Document, that proper financial procedures are followed and that accounting records are maintained in a form suited to the requirements of management as well as in the form prescribed for published accounts under the Companies Acts or other relevant legislation and accounting practice.
 - c. ensure that the resources for which you are responsible are properly and well managed (see paragraph 9 below) and safeguarded, with independent and effective checks of cash balances in the hands of any official.
 - d. ensure that assets for which you are responsible such as land, buildings or other property, including stores and equipment are controlled and safeguarded with similar care, and with checks as appropriate.
 - e. ensure that, in the consideration of policy proposals relating to the expenditure or income for which you have responsibility, all relevant financial considerations, including feasibility and sustainability, are taken into account, the value for money of the proposal is assessed in accordance with the principles set out in the Treasury guidance "*The Green Book: Appraisal and Evaluation in Central Government*"; full regard is had to any issues of propriety and regularity; and good quality programme and project management techniques are used as appropriate to track progress and, where necessary, adjust progress. Where necessary, such considerations should be brought to the attention of the Board.
 - f. ensure that risks (whether to the achievement of business objectives, regularity and propriety or value for money) are identified, that their significance is assessed, and that appropriate systems are in place to manage them.
 - g. ensure your management of opportunities and risk achieves the right balance commensurate with the business of your organisation and the risk appetite you are prepared to bear.
 - h. have in place arrangements to counter fraud and ensure that procedures for dealing with suspected cases are complied with; and

- i. sign the Governance Statement.
8. You must ensure that a sound system of internal control is maintained in your organisation to support the achievement of its policies, aims and objectives and should regularly review the effectiveness of the system. You must be able to assure the Senedd and the public of the high standards of probity in the management and control of public funds within your organisation. This will be reported on in your annual Governance Statement.
9. You should also ensure that managers at all levels:
 - a. have a clear view of their objectives, and the means to assess and, wherever possible, measure outputs or performance in relation to those objectives;
 - b. are assigned well defined responsibilities for making the best use of resources (both those consumed by their own commands and any made available to organisations or individuals outside the company) including a critical scrutiny of output and value for money; and
 - c. have the information (particularly about costs), training and access to the expert advice which they need to exercise their responsibilities effectively.
10. You must make sure that their arrangements for delegation promote good management and that they are supported by the necessary staff with an appropriate balance of skills. Arrangements for internal audit should accord with the objectives, standards and practices set out in HM Treasury's "Government Internal Audit Standards".

Partnership Working

11. Public bodies increasingly work in partnership with other organisations to achieve their strategic aims and objectives. You should ensure that the wider impact of the activities for which you are responsible are properly identified and where appropriate taken into account. The company may contribute to joint activity led by another organisation (whether in the public or private sectors) in the pursuit of its objectives.
12. The contribution may be considered appropriate even though it would not directly contribute to the achievement of your organisation's wider objectives. In such circumstances you will need to show that the participation represents good value for money overall and that appropriate controls are in place to safeguard propriety and to provide proper accountability.
13. Accounting Officers should take joint responsibility for the delivery of a service through joint working. Where you and another Accounting Officer take joint responsibility the lines of responsibility need to be clearly documented to ensure absolute clarity in terms of what each of you is responsible and accountable for.

Regularity and Propriety of Expenditure

14. You have a particular responsibility for ensuring compliance with Parliamentary and Senedd requirements in the control of expenditure and any requirements imposed by the Welsh Government. A fundamental requirement is that the funds should be applied only to the extent and for the purposes authorised by the Senedd. The Senedd's attention must be drawn to losses or special payments, by appropriate notation of the relevant account.
15. You are responsible for ensuring that specific approval for expenditure has been obtained from the Welsh Government in all cases where it is required, including cases involving pay, pensions and conditions of service. This will include any expenditure not covered by any authorities delegated by the Welsh Government to the company. Delegated authority does not remove the obligation to submit to the Welsh Government all proposals which are novel, contentious or repercussive. You are also responsible for ensuring that adequate machinery exists for the collection of and bringing to account in due form all income and receipts of any kind for which you are responsible.

Advice to the Board

16. You must take care to bring to the attention of the board any conflict between their instructions and your Accounting Officer duties. You cannot simply accept the board's aims or policies without examination. There is no set form for registering objections, though you should be specific about their nature. The acid test is whether you could justify the proposed activity if asked to defend it in public.
17. If, despite your advice, the board decides to continue with a course you have advised against, you should ask the board for a formal direction to proceed, noting the possibility of an investigation by the Senedd Public Accounts and Public Administration Committee (PAPAC). Directions of this kind are rare. Examples of where this procedure is appropriate are set out below:
 - **Regularity** - if a proposal is outside the legal powers of your organisation, Parliamentary or Senedd consents, Welsh Government delegations or incompatible with the agreed spending budgets;
 - **Propriety** - if a proposal would breach Parliamentary or Senedd control procedures or expectations;
 - **Value for Money** – if an alternative proposal, or doing nothing, would deliver better value: for example, a cheaper, higher quality or more effective outcome;
 - **Feasibility** – where there is serious doubt about whether the proposal can be implemented accurately, sustainably, or to the intended timetable.
18. When a direction is made, you must:
 - Follow the board's direction without further ado;

- Copy the relevant papers to the Auditor General for Wales (AGW) and your partnership team. The AGW will normally draw the matter to the attention of the PAPAC. Provided you have followed this procedure the PAPAC can be expected to recognise that you, in your Accounting Officer role, bear no personal responsibility for the transaction. You must arrange for the existence of the direction to be published in the report and accounts, unless the matter must be kept confidential;
- If asked, for example during the course of a PAPAC hearing, explain the board's course of action. This respects the board's rights to frank advice while protecting the quality of internal debate.

Appearance before the PAPAC or the House of Commons Committee on Public Accounts

19. Both the AGW and the Comptroller & Auditor General (C&AG) may carry out examinations into the economy, efficiency and effectiveness with which your organisation has used its resources in discharging its functions. As Accounting Officer, you may expect to be called upon to appear before the appropriate Committee from time to time, normally with the Additional Accounting Officer or possibly with the Principal Accounting Officer, to give evidence on the reports arising from these examinations, and to answer the questions of the Committees on your annual report and accounts.
20. The House of Commons Committee of Public Accounts may request the PAPAC to take evidence on their behalf and report back to them on the evidence received. As Accounting Officer, you may be supported by other officials, who may join in giving the evidence. In giving evidence, you will be expected to furnish either Committee with explanations of any indications of weakness in the matters covered in paragraphs 4-10 above, to which their attention has been drawn by the AGW or the C&AG or about which they may wish to question you.
21. In practice, an Accounting Officer will normally have delegated authority widely, but cannot on that account disclaim responsibility. Nor, by convention, does the incumbent Accounting Officer decline to answer questions where the events took place before taking up appointment: the Committees may be expected not to press the incumbent's personal responsibility in such circumstances.
22. High importance is attached to accuracy of evidence, and the responsibility of witnesses to ensure this. As Accounting Officer, you should ensure that you are adequately and accurately briefed on matters which are likely to arise at the meeting. The Committees may be asked for leave to supply information not within your immediate knowledge by means of a later note. Should it be discovered subsequently that the evidence provided to the Committees has contained errors, these should be made known to the Committees at the earliest possible moment.
23. In general, the rules and conventions governing appearances of officials before Parliamentary Committees apply to these Committees, including the general convention that officials do not disclose the advice given to the board.

Nevertheless, in a case where a direction was issued concerning a matter of propriety or regularity, the Accounting Officer's advice, and its overruling by the board, would be disclosed.

24. In a case where the advice of an Accounting Officer has been overruled in a matter of value of money or feasibility (rather than regularity or propriety), the AGW or C&AG will have made clear to the relevant Committee that the Accounting Officer was overruled. You should, however, avoid disclosure of the advice given or disassociation from the decision. Subject, where appropriate, to the board's agreement you should be ready to explain such a decision and may be called on to satisfy the Committee that all relevant financial considerations were brought to the board's attention before the decision was taken. It will then be for the Committee to pursue the matter further with the board if it so wishes.

Absence of an Accounting Officer

- 25 As Accounting Officer, you should ensure that you are generally available for consultation and that in any temporary period of unavailability due to illness or other cause, or during the normal periods of annual leave, there will be a senior official in the organisation who can act on your behalf if required.
- 26 If the post of Chief Executive (or equivalent) is vacant or it becomes clear that you as the Accounting Officer are so incapacitated that you will not be able to discharge these responsibilities, the Additional Accounting Officer should be notified so that an acting Accounting Officer can be formally designated, pending the Accounting Officer's return or a new Accounting Officer being appointed.
- 27 The PAPAC or the House of Commons Committee on Public Accounts may be expected to postpone a hearing if the relevant Accounting Officer is temporarily indisposed. Where you as Accounting Officer are unable by reason of incapacity or absence to sign the accounts in time to submit them to the AGW, unsigned copies may be submitted pending your return. If you are unable to sign the accounts in time for printing, the acting Accounting Officer should sign instead.

Annex E

List of Government-Wide Corporate Guidance and Instructions

- This document.
- the Minister's Remit Letter to the body.
- "Managing Welsh Public Money";
- the Welsh Government Memorandum "Accountabilities and Responsibilities of the Chief Executive as Accounting Officer";
- the body's Accounts Direction.
- Corporate Governance in Central Government Departments: Code of Good Practice.
- HM Treasury's "Government Internal Audit Standards";
- HM Treasury's "Managing the Risk of Fraud"; http://www.hm-treasury.gov.uk/d/managing_the_risk_fraud_guide_for_managers.pdf
- HM Treasury's "Executive NDPBs - Annual Reports and Accounts Guidance";
- HM Treasury's "Departmental Banking: A Manual for Government Departments" (issued as Annex 5.7 of "Managing Public Money"); http://www.hm-treasury.gov.uk/d/mpm_annex5.7.pdf
- HM Treasury's "Regularity, Propriety and Value for Money"; http://www.hm-treasury.gov.uk/d/Reg_Prop_and_VfM-November04.pdf
- HM Treasury's "Green Book – Appraisal and Evaluation in Central Government"; http://www.hm-treasury.gov.uk/d/green_book_complete.pdf
- HM Treasury's Audit Committee Handbook; <http://www.hm-treasury.gov.uk/d/auditcommitteehandbook140307.pdf>
- Cabinet Office's "Magenta Book – Guidance Notes on Policy Evaluation"; http://www.nationalschool.gov.uk/policyhub/magenta_book/index.asp
<http://www.nationalschool.gov.uk/policyhub/docs/profpolicymaking.pdf>
- Cabinet Office's Code of Practice for Public Bodies;
- the UK Evaluation Society's "Guidelines for Good Practice in Evaluation"; <http://www.evaluation.org.uk/resources/guidelines.aspx>
- UK Statistics Authority's "Code of Practice for Official Statistics" and its associated protocols; <http://www.statisticsauthority.gov.uk/assessment/code-of-practice/code-of-practice-for-official-statistics.pdf>
- Health and Safety Commission/Department for the Environment and the Regions' "Revitalising Health and Safety"; <http://www.hse.gov.uk/strategy/>
- [Well-being of Future Generation \(Wales\) Act 2015](#)
- Extant "Chief Executive Officer" letters.
- Extant "Dear Accounting Officer" letters.
- Management letters from external auditors.
- other relevant instructions and guidance issued by the Welsh Ministers.
- Those recommendations of the Senedd's Public Accounts and Public Administration Committee, other Committees of the Senedd; the House of Commons Committee on Public Accounts, other Parliamentary Committees or Parliamentary authority that have been accepted by the Welsh Government which are relevant to the body.
- In addition, in the conduct of its business the body shall ensure, amongst its other duties, that:

- It conforms with any Welsh Language Standards imposed upon the body by the Welsh Language Commissioner under the Welsh Language (Wales) Measure 2011, or, where a body is not liable to comply with Standards, in terms of its Welsh Language Scheme where the body has a Welsh Language Scheme. Where no such Scheme exists in a body, the body should conform to the terms of the Welsh Language Standards specified in the compliance notices imposed on Welsh Ministers by the Welsh Language Commissioner from time to time. A copy of the latest version can be seen on the Welsh Language Commissioner's website.
- Its functions are exercised in a manner compatible with the Welsh Ministers' duty to promote and facilitate the use of the Welsh language as set out in the Welsh Government's strategy as published from time to time.
- It adopts and maintains a scheme, approved by the Information Commissioner, for the publication of information as required by the Freedom of Information Act.
- Its functions support the goals and principles as set out in the Well-being of Future Generations (Wales) Act 2015, which are:

Well-being Goals	
A prosperous Wales	
A resilient Wales	
A healthier Wales	
A more equal Wales	
A Wales of cohesive communities	
A Wales of vibrant culture and thriving Welsh language	
A globally responsible Wales	

Five Principles of Working	
Long-Term	The importance of balancing short-term needs with the need to safeguard the ability to also meet long-term needs.
Prevention	How acting to prevent problems occurring or getting worse may help public bodies meet their objectives.
Integration	Considering how the public body's well-being objectives may impact upon each of the well-being goals, on their other objectives, or on the objectives of other public bodies.
Collaboration	Acting in collaboration with any other person (or different parts of the body itself) that could help the body to meet its well-being objectives.
Involvement	The importance of involving people with an interest in achieving the well-being goals and ensuring that those people reflect the diversity of the area which the body serves.

- It follows the approach to openness set out in the Welsh Government's Code of Practice on Access to Information.
- It has due regard to the Commissioner for Public Appointment's Code of Practice for Ministerial Appointments to Public Bodies.
- Its procurements are affected with due regard to the principles set out in the Welsh Government's Value Wales Procurement Route Planner.
- As regards openness, where practicable and appropriate, the body shall be expected to hold its meetings in public. At least one meeting per year must be an open meeting. Where practicable and appropriate, the body shall release summary reports or make minutes of its meetings publicly available.

As regards health, safety and welfare, the body must:

- Comply with all relevant statutory duties in respect of health, safety and welfare as they relate to all its functions, projects, programmes and activities.
- Require organisations that it funds and any contractors and sub-contractors to those organisations to comply similarly; and
- Comply fully with UK Government policy on health, safety and welfare.