Corporate governance in central government departments: Code of good practice NI

2013
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Corporate Governance

Corporate governance is the way in which organisations are directed, controlled and led. It defines relationships and the distribution of rights and responsibilities among those who work with and in the organisation, determines the rules and procedures through which the organisation's objectives are set, and provides the means of attaining those objectives and monitoring performance.

Good corporate governance is fundamental and is the hallmark of an effective, well-managed, organisation. This Code seeks to promote good corporate governance in departments.

The Code is written for departments, concentrating throughout on key principles which will have wider application for other parts of the public sector. Such bodies are encouraged to consider and adopt the practices set out in the Code wherever it is relevant and practical and suits their business needs. If a department, agency or Arm's Length Body (ALB) considers that it is necessary to depart significantly from the guidance set out in this Code then it should be able to explain and describe what alternative governance measures have been put in place which have similar effect to the principles set out in the Code.

Accountability and role of the Board

Governance arrangements in departments are intended to support, help and challenge the way departments are run and how they deliver public services. Departmental Boards are therefore advisory in the sense that they are intended to support and challenge Accounting Officers (AOs) and their senior teams.

The Code is drafted to offer flexibility in the way a Board behaves, and in particular to foster a sense of corporate behaviour amongst Board members.

Each department needs to be pragmatic in the way they implement the principles of the Code. One size never fits all, but the “comply or explain” mechanism, enables departments to deviate from the principles and supporting provisions if justifiable for the good governance of the department.
Good governance is central to the effective operation of government departments. Government departments are not the same as for-profit corporations, but they need to be business-like and operate according to recognised precepts of good governance in business:

- **Leadership** – articulating a clear vision for the department and giving clarity about how policy activities contribute to achieving this vision, including setting risk appetite and managing risk;

- **Effectiveness** – bringing a wide range of relevant experience to bear, including through offering rigorous challenge and scrutinising performance;

- **Accountability** – promoting the government’s goal of transparency through clear and fair reporting; and

- **Sustainability** – taking a sensible, long-term view about what the department is trying to achieve and what it is doing to get there.

This Code has been developed to be a primary reference and provide an overview of good practice for corporate governance in departments. It should be cascaded to management throughout the public sector. There is further guidance on various aspects of corporate governance in government in a number of other publications, including *Managing Public Money NI (MPMNI)*, the *Audit and Risk Assurance Committee Handbook*, the *Ministerial Code* and the *NI Civil Service Code*.

Codifying the requirements for good governance can only go so far. To maximise the effectiveness of an organisation, people within the governance structure need to adopt appropriate behaviour too. Compliance with this Code cannot guarantee good performance but it does make it more likely. The principles, policy and provisions outlined in this Code provide a framework designed to facilitate good decision-making by departments. In order to foster good decision-making, the Board needs to adopt open and transparent behaviours.

**This Code**

Where appropriate, the Code draws on best practice in the public, private and charity sectors by: reinforcing the importance of corporate governance as a pre-requisite to achieving good financial management; reflecting changes in governance best practice, including increased emphasis on good leadership (often referred to as ‘tone from the top’); and, promoting better governance arrangements within departmental families.

In addition to departments, the principles in the Code generally hold across other parts of government, including departments’ ALBs and non-Ministerial departments.
Comply or Explain

The Code is based on principles.

The Code needs to be considered in its entirety to ensure a comprehensive perspective of good practice. The Code focuses on the role of Boards, since these provide leadership but departments should apply the principles of the Code to meet their business needs.

Departures from the Code may be justified if good governance can be achieved by other means. Reasons for departure should be explained clearly and carefully in the Governance Statement accompanying its annual resource accounts. In providing an explanation, a department should aim to illustrate how its practices are both consistent with the principle to which the particular provision relates and contribute to good governance.

Looking ahead

The Code is intended to be a living document and will evolve in line with best practice.
Accountability

Principles

1.1 The Minister in charge of the department is responsible and answerable to the Assembly for the exercise of the powers on which the administration of that department depends. He or she has a duty to the Assembly to account, and to be held to account, for all the policies, decisions and actions of the department, including its ALBs.

1.2 The departmental AO is personally responsible and accountable to the Assembly for the organisation and quality of management in the department, including its use of public money and the stewardship of its assets.

Supporting provisions

1.3 The lead Minister in a department may devolve to his or her junior Ministers responsibility for a defined range of departmental work, including Assembly business.

1.4 In non-Ministerial departments, there should be an agreement as to which Minister(s) should answer for the department’s affairs in the Assembly.

1.5 Generally speaking, civil servants working for a departmental Minister may exercise powers of the Minister in charge of the department. Ministers remain accountable to the Assembly for decisions made under their powers.

1.6 The official at the head of the department is normally appointed as its AO. The duties of the post are outlined in MPMNI.

1.7 The Assembly grants resources to departments for specified purposes. DFP administers these resources on behalf of the Assembly and appoints the AOs who are charged with ensuring resources are used as the Assembly intends.

1.8 The AO should establish and document a clear allocation of responsibilities amongst officials in the department, but he or she retains overall personal responsibility and accountability to the Assembly for:

- propriety and regularity;
- prudent and economical administration;
• avoidance of waste and extravagance;
• ensuring value for money, judged for the Executive as a whole, not just for the department;
• efficient and effective use of available resources; and
• the organisation, staffing and management of the department.

1.9 An AO who is instructed by the Minister responsible for the department to take a course of action that he or she believes to be contrary to the responsibilities and accountabilities set out in *MPMNI* should seek a written direction from the Minister.

1.10 In addition to forwarding a copy of all Ministerial Directions to the Comptroller and Auditor General for Northern Ireland, who will normally draw the matter to the attention of the Public Accounts Committee (PAC), the AO should also disclose all Ministerial Directions to the Board at the next Board meeting. All Ministerial Directions that would be subject to public disclosure under the Freedom of Information Act 2000 were an appropriate request made should be disclosed in the Governance Statement for the period in which the direction was granted.

1.11 At the request of the departmental AO, other senior officials in the department may be appointed as additional Accounting Officers for certain accounts, requests for resources, or distinct parts of an estimate. The departmental AO retains overall responsibility to the Assembly for ensuring a high standard of financial management in the departmental family as a whole.
The role of the Board

Principles

2.1 Each department should have an effective Board, which provides leadership for the department’s business, helping it to operate in a business-like manner. The Board should operate collectively, concentrating on advising on strategic and operational issues affecting the department’s performance as well as scrutinising and challenging departmental policies and performance, with a view to the long-term health and success of the department.

2.2 The Board forms the collective strategic and operational leadership of the department, bringing together its senior officials with non-executives from outside government, helping the department to operate in a business-like manner. The Board’s role should include appropriate oversight of sponsored bodies.

2.3 The Board does not decide policy or exercise the powers of the Ministers. The department’s policy is decided by Ministers on advice from officials. The Board advises on the operational implications and effectiveness of policy proposals.

2.4 The Board should meet regularly. It advises on five main areas:

- Strategic Clarity – setting the vision and/or mission and ensuring all activities, either directly or indirectly, contribute towards it; long-term capability and horizon scanning, ensuring strategic decisions are based on a collective understanding of policy issues; using outside perspective to ensure that departments are challenged on the outcomes;

- Commercial Sense – approving the distribution of responsibilities; advising on sign-off of large operational projects or programmes; ensuring sound financial management; scrutinising the allocation of financial and human resources to achieve the plan; ensuring organisational design supports attaining strategic objectives; setting the department’s risk appetite and ensuring controls are in place to manage risk; evaluation of the Board and its members, and succession planning;

- Talented People – ensuring the department has the capability to deliver and to plan to meet current and future needs;
- Results Focus – agreeing the operational business plan, including strategic aims and objectives; monitoring and steering performance against plan; scrutinising performance of sponsored bodies; and setting the department’s standards and values; and
- Management Information – ensuring clear, consistent, comparable performance information is used to drive improvements.

2.5 Some activities may be exercised by committees of the Board. As a minimum, this will include a committee responsible for audit, risk and governance, normally referred to as the Audit and Risk Assurance Committee (the responsibilities of which will include reviewing the comprehensiveness of assurances, integrity of financial statements and scrutinising governance arrangements).

Supporting provisions

2.6 The Board supports senior officials in directing the business of the department in as effective and efficient way as possible with a view to the long-term health and success of the department.

2.7 The Board must support the AO for the discharge of obligations set out in MPMNI for the proper conduct of business and maintenance of ethical standards.

2.8 The Board should collectively affirm and document its understanding of the department’s purpose and document the Board’s role and responsibilities in a Board Operating Framework. This document should include a formal schedule of matters reserved for Board discussion, i.e. those which should not be delegated to committees. A model Board Operating Framework is attached at Annex A. The Board Operating Framework should be reviewed and updated from time to time and at least every two years.

2.9 The Board should act corporately and objectively when discharging its responsibilities.

2.10 Board members should act in the public interest in keeping with the Nolan principles of public life.

2.11 The Board should support actions to ensure that officials comply with the Ni Civil Service Code.

2.12 The Board should ensure that the department’s reporting obligations to the Assembly are met effectively and efficiently, this should include any reporting to DFP that may be required to allow it to exercise its role in relation to resources.

2.13 The Board’s activities should be recorded and communicated as appropriate within the department. Boards may permit certain members of the department to observe all or part of their meetings.

2.14 Board committees should only exercise governance functions and not stray into the executive management of the department which is the role of officials.
The Audit and Risk Assurance Committee should be chaired by a Non-Executive Board Member (NEBM) and have clear terms of reference agreed by the Board. The Board should ensure that it receives adequate and timely feedback on the work of those committees and is able to consider their decisions formally. A schedule of the agreed governance oversight delegations made by the Board to committees, and the mechanisms for feedback and assurance, should be documented in the Board Operating Framework.

2.15 The Permanent Secretary is responsible for the executive management of the department. The Permanent Secretary should set out for the Board a structure for discharging this responsibility.

2.16 Where Board members have concerns, which cannot be resolved, about the running of the department or a proposed action, they should ensure that their concerns are recorded in the minutes. This might occur, for example, in the rare circumstance in which the chair of the Board considers it necessary to depart from the collective view of the Board.
3 Board composition

Principles

3.1 The Board should have a balance of skills and experience appropriate to fulfilling its responsibilities. The membership of the Board should be balanced, diverse and manageable in size. The Board should include independent Non-Executive Board Members (NEBMs) to ensure that executive members are supported and constructively challenged in their role.

3.2 The roles and responsibilities of all Board members should be defined clearly in the department’s Board Operating Framework.

Supporting provisions

3.3 The Board should provide collective strategic and operational leadership to the departmental family, helping it to operate in a business-like manner.

3.4 The Board should include people with a mix and balance of skills and understanding to match and complement the department’s business and its strategic aims, typically including:

- leadership;
- management of change in complex organisations;
- process and operational delivery;
- commercial procurement expertise;
- knowledge of the department’s business and policy areas;
- corporate services professional skills, including finance, human resources, communications, information systems and information technology; and
- a professionally qualified Finance Director.

3.5 The mix and balance of skills and understanding should be reviewed periodically, at least annually as part of the Board effectiveness evaluation, to ensure they remain appropriate for the department’s Board.
3.6 The search for NEBM Board candidates should be conducted, and appointments made, on merit, with due regard to any guidance issued by the Commissioner for Public Appointments.

3.7 The Board should agree and document in its Board Operating Framework a *de minimis* threshold and mechanism for Board advice on the operation and delivery of policy proposals.

3.8 The Board should be informed of Executive-wide policies and initiatives and challenge officials on the department's compliance.

3.9 NEBMs should provide advice, support and informal ongoing feedback to the department’s Permanent Secretary and other civil service Board members.
4 Board effectiveness

Principles

4.1 The Board should ensure that arrangements are in place to enable it to discharge its responsibilities effectively, including:

- formal procedures for the appointment of new Board members, tenure and succession planning for both Board members and senior officials;
- allowing sufficient time for the Board to discharge its collective responsibilities effectively;
- induction on joining the Board, supplemented by regular updates to keep Board members' skills and knowledge up-to-date;
- timely provision of information in a form and of a quality that enables the Board to discharge its duties effectively;
- a mechanism for learning from past successes and failures within the departmental family and relevant external organisations;
- a formal and rigorous annual evaluation of the Board's performance and that of its committees, and of individual Board members; and
- a dedicated secretariat with appropriate skills and experience.

Supporting provisions

4.2 An effective Board requires the effective discharge of the chair’s responsibilities.

4.3 The attendance record of individual Board members should be disclosed in the Governance Statement and cover meetings of the Board and its committees held in the period to which the resource accounts relate.

4.4 The Permanent Secretary should ensure that Board members have the skills, knowledge and familiarity with the department required to fulfil their role on the Board and its committees. Through the Board secretariat, the department should provide the necessary resources for developing and updating the
knowledge and capabilities of Board members, including access to its operations and staff.

4.5 The Board should consider succession management and talent development. The Board should satisfy itself that plans are in place for orderly succession to both the Board and to senior management positions, so as to maintain an appropriate balance of skills and experience within the department and the Board.

4.6 Board members’ time is a finite resource. The Permanent Secretary should through the Board secretary, ensure that Board members receive accurate, timely and clear information. Board information should be concise and fit for purpose, setting out comprehensive, relevant evidence, and avoiding duplication of data collection efforts. It should cover the main areas of the Board’s activities along with background on the department’s policy portfolio.

4.7 Wherever possible, the information presented to the Board should enable comparison with other departments or relevant organisations.

4.8 Where necessary Board members should seek clarification or amplification on Board issues or Board papers through the Board secretary. The Board secretary will consider how officials can best support the work of Board members; this may include providing Board members with direct access to officials where appropriate.

4.9 An effective Board secretary is essential for an effective Board. Under the direction of the Permanent Secretary, the Board secretary’s responsibilities should include:

- developing and agreeing the agenda for Board meetings with the chair, ensuring all relevant items are brought to the Board’s attention;

- ensuring good information flows within the Board and its committees and between senior management and NEBM’s, including:
  - challenging and ensuring the quality of Board papers and Board information;
  - ensuring Board papers are received by Board members according to a timetable agreed by the Board;
  - providing advice and support on governance matters and helping to implement improvements in the governance structure and arrangements;

- ensuring the Board follows due process;

- providing assurance to the Board that the department:
  - adheres to the Code’s principles and supporting provisions on a comply or explain basis (which should form part of the report accompanying the resource accounts).
acting as the focal point for interaction between NEBMs and the department, including arranging detailed briefing for NEBMs and meetings between NEBMs and officials, as requested or appropriate;

recording Board decisions accurately and ensuring action points are followed up; and

arranging induction and professional development of Board members.

4.10 Evaluations of the performance of individual Board members should show whether each continues to contribute effectively and corporately and demonstrates commitment to the role (including commitment of time for Board and committee meetings and other duties).

4.11 The Board should agree and document an appropriate system to record interests and manage conflicts and potential conflicts of interest of Board members. The Board should publish, in its Governance Statement, how any identified conflicts of interest, and potential conflicts, of Board members have been managed.
Risk management

Principles

5.1 The Board should ensure that there are effective arrangements for governance, risk management and internal control for the whole departmental family. Advice about and scrutiny of key risks is a matter for the Board, not a committee. The Board should be supported by:

- an Audit and Risk Assurance Committee, chaired by a suitably experienced NEBM;
- an internal audit service operating to Internal Audit Standards issued by DFP; and
- sponsor teams of the department’s key ALBs.

5.2 The Board should take the lead on, and oversee the preparation of, the department’s Governance Statement for publication with its resource accounts each year.

Supporting provisions

5.3 The Head of Internal Audit may periodically be invited to attend Board meetings, where key issues are discussed relating to governance, risk management or control across the department and its ALBs.

5.4 The Board should assure itself of the effectiveness of the department’s risk management system and procedures and its internal controls. The Board should give a clear steer on the desired risk appetite for the department and ensure that:

- there is a proper framework of prudent and effective controls, so that risks can be assessed, managed and taken prudently;
- there is clear accountability for managing risks; and
- departmental officials are equipped with the relevant skills and guidance to perform their assigned roles effectively and efficiently.

5.5 The Board should also ensure that the department’s ALBs have appropriate and effective risk management processes through the department’s sponsor teams.
5.6 The Board should ensure an ALB makes effective arrangements for internal audit.

5.7 The Board and AO should be supported by an Audit and Risk Assurance Committee, comprising at least three members. The chair of the committee should be a NEBM of the Board with relevant experience. There should be at least one other NEBM of the Board on the committee; the committee may also choose to seek further non-executive membership from non-members of the Board in order to ensure an appropriate level of skills and experience. At least one, but preferably more, of these committee members should have recent and relevant financial experience.

5.8 Advising on key risks is a role for the Board. The Audit and Risk Assurance Committee should support the Board in this role.

5.9 An Audit and Risk Assurance Committee should not have any executive responsibilities or be charged with making or endorsing any decisions. It should take care to maintain its independence. The committee should be established and function in accordance with relevant DFP guidance.

5.10 The Board should ensure that there is adequate support for the Audit and Risk Assurance Committee, including a secretariat function.

5.11 The annual Governance Statement (which includes areas formerly covered by the statement on internal control) is published with the resource accounts each year. In preparing it, the Board should assess the risks facing the department and ensure that the department’s risk management and internal control systems are effective. The Audit and Risk Assurance Committee should normally lead this assessment for the Board.

5.12 The terms of reference of the Audit and Risk Assurance Committee, including its role and the authority delegated to it by the Board, should be made available publicly. The department, through the Audit and Risk Assurance Committee chair, should report annually on the work of the committee in discharging those responsibilities.
Arm’s Length Bodies

Principles

6.1 Where part of the business of the department is conducted with and through ALBs\(^1\), the department’s Board should ensure that there are robust governance arrangements with each ALB Board. These arrangements should set out the terms of their relationship and explain how they will be put in place to promote high performance and safeguard propriety and regularity.

6.2 The Board’s regular agenda should include scrutiny of the performance of the department’s sponsored bodies.

Supporting provisions

6.3 ALBs are publicly accountable, whether funded directly from the Assembly, a department, or through a government sponsored commercial structure that enables the body to generate its own revenue. Therefore, ALBs are accountable to their sponsor department for performance and the use of their resources, within the established arm’s length relationship as set out in their written agreement (Management Statement and Financial Memorandum or equivalent).

6.4 Each department is accountable to the Assembly, through the Minister responsible for the department. This accountability includes the performance of the department’s ALBs.

6.5 The Board should ensure that the department has a written agreement with each of its ALBs, which defines clearly how the relationship should work. Each departmental agreement with an ALB should be drawn up to reflect the:

- purpose and responsibilities of the ALB;
- legal framework (if any) of the ALB; and
- and environment in which it operates (e.g. commercial, judicial, advisory).

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\(^1\)The term ‘Arm’s Length Bodies’ is taken by the Cabinet Office to include a department’s executive agencies, NDPBs and public corporations. In the NI context due to the close operating relationship between NI departments and their agencies, agencies are not considered to be arm’s length bodies. There may however also be value in considering the department’s governance arrangements for other strategic partners e.g. PPP and PFI partners.
6.6 The written agreement should be reviewed and updated periodically. Certain events should trigger such a review, such as the appointment of a new chair or chief executive officer in an ALB, changes of senior personnel in the sponsor team or a significant change in government policy relating to the ALB’s business. As a minimum, written agreements should be reviewed formally at least once every three years.

6.7 The agreement should include clear information about the:

- shared aims and mutual responsibilities, including a management framework and potential rewards and sanctions for meeting or missing performance targets within an agreed tolerance;
- arrangements for reporting and consultation in order to ensure that the departmental Board receives information enabling it to monitor;
- mechanisms to provide the department with assurance on information provided by ALBs on their performance;
- roles and obligations of both the department and ALB, along with expectations of support from the other party; and
- process for making Board and senior management appointments in the ALB.

6.8 Departments may want the agreement to specify reporting relationships along professional lines, in addition to that of the department’s AO and the ALB’s AO. In particular, the relationship between the departmental Finance Director and the ALB’s Finance Director should be specified, to support the relationship between AOs.

6.9 Guidance on the framework documents between departments and ALBs is included in *MPMNI*.

6.10 In practice, departments may adopt a variety of supplementary arrangements to manage these relationships. For example, senior members of ALBs may be members or observers of departmental Boards in their capacity as stakeholders; similarly, departmental Board members may be members or observers of the Boards of ALBs.

6.11 The department’s relationship with ALBs should reflect the Board’s assessment of each ALB’s ability to manage its risks, including those relating to delivery and financial management, and its performance. The aim should be to ensure that the department’s monitoring of, and support for, its ALBs is concentrated on those with the most significant risks.

6.12 The department should report annually on the arrangements it has in place for promoting sound working relationships with its ALBs. Periodically, there should be an external review of the governance arrangements between the department and its ALBs, which may be incorporated within other external reviews whether commissioned by the department or the Executive.

6.13 The department should periodically review the effectiveness of its portfolio of ALBs and whether or not they are:
• delivering in line with departmental policy;
• effective and provide value-for-money; and
• the most appropriate mechanism for implementing policy objectives.
ALBs
Arm’s Length Bodies including a department’s NDPBs and public corporations

AO
Accounting Officer

The Code
‘Corporate governance in central government departments: Code of good practice NI 2013’

Finance Director
The senior finance professional in a department

Governance Statement
This includes: the areas formerly covered by the statement on internal control; an account of how the Code has been complied with or an explanation of reasons for departure from the Code; and disclosure of attendance at Board meetings.

NDPB
Non-Departmental Public Bodies

NEBM(s)
Non-Executive Board Member(s)

PAC
Public Accounts Committee

PFI
Private Finance Initiatives

PPP
Public-Private Partnerships

Sponsor team
Officials in a department responsible for the day-to-day support to, liaison with and relationship management of an ALB

Sponsored bodies
Used interchangeably with ALBs
Board Operating Framework – Guidance

Introduction

1.1 Each Board Operating Framework (BOF) should be tailored to reflect specific circumstances in which the Board operates. This guidance should be read in that context and not as a blueprint for all Boards to follow. The key objective of a BOF is to clarify roles and responsibilities of the Board and its members. Each Board should:

- agree such a document soon after formation;
- update the document regularly, including when there is a change of circumstances or a change of key personnel; and
- review and update the document at least every two years.

1.2 All new Board members should be directed to the BOF as part of the induction process.

1.3 The BOF should normally cover the areas set out below.

Purpose

1.4 Begin by explaining the department’s vision and purpose. Explain how the department’s policies are set (e.g. by Ministers, co-ordinated with other departments, consistent with the department’s budget and resource constraints).

1.5 The BOF should then describe how the Board supports Ministers, the AO and other senior officials in directing the business of the department. Set out the way in which the Board discharges its responsibilities, in particular by collectively scrutinising and advising on the five areas set out in the Code (performance, strategic clarity, efficiency, capabilities and risk). Say how often the Board meets.

Membership

1.6 Set out the membership of the Board, the chair (this should be the Permanent Secretary/AO in the department) and the deputy chair. How the Board membership is comprised:

- officials, including the Permanent Secretary and Finance Director; and
- Non-Executive Board Members (NEBM).
Roles

1.7 Summarise the role of the chair. This might include:

- facilitating Board meetings;
- ensuring that systems are in place to provide Board members with accurate and timely information of good quality to allow the Board to consider properly all matters before it;
- ensuring that a Board effectiveness review is performed annually with independent input at least every three years, and that results are acted upon; and
- ensuring adherence to the comply or explain principle set out in the Corporate Governance Code.

1.8 Set out how NEBMs are appointed (on merit, reflecting ability and experience; for a fixed term; etc) and their main roles. These might include:

- using their experience to challenge and support the Board, acting corporately and not simply reflecting their own functions;
- ensuring that the Board obtains and considers all appropriate information;
- advising on the operational and delivery implications of policy proposals;
- forming an Audit and Risk Assurance Committee;
- involvement in the processes for recruitment and appraisal of senior executives, and succession planning; and
- reporting their views in their own section of the department’s annual report.

1.9 Set out the role of the executives in relation to the Board, for example:

- notifying the Board of any matters that threaten the regularity, propriety or value-for-money with which the department carries out its business; and
- notifying the Board of any significant issues which may impact on the department’s leadership, medium-term capability and significant risks to delivery of policy, along with mitigating actions taken.

1.10 Consider reference to the specific role of the Finance Director or any other Board member.

Board committees

1.11 The BOF should identify, and briefly explain the structure and purpose of committees that support the Board. These should include the Audit and Risk Assurance Committee, as well as any other committees the Board deems appropriate.

Decisions and reporting

1.12 This section of the BOF should identify those matters always dealt with by the Board, for example:
- the business plan;
- appropriate operational strategies to best implement policies set by Ministers;
- the acceptable level of risk appetite for the department;
- strategies affecting long term capability of the department (including finance, HR, and IT);
- budget allocation; and
- the shape and coverage of the Governance Statement.

1.13 The BOF should also include reference to those matters that are delegated but where the Board expects to receive reports for approval or decision as necessary, such as:

- performance against internal targets; and
- management of relationships (e.g. with ALBs).

1.14 It also needs to set out the main categories of information considered at Board meetings, such as:

- progress against business plan milestones and metrics;
- progress and status of big projects;
- performance against key efficiency metrics;
- risk management;
- scrutiny of performance of the department's sponsored bodies; and
- management information relating to use of resources compared to budgets, cash flow and balance sheet movements.

1.15 The BOF should also set out the Board's role in reviewing, prior to publication, documents such as the departmental report and accounts and the Governance Statement (including a comply or explain account of performance against the Corporate Governance Code).

**Effectiveness of, and support to, the Board**

1.16 The BOF should set out how the performance of the Board is appraised and what support (such as induction facilities and access to departmental resources and officials) is provided. The Board Secretary should normally act as a focal point for NEBMs and should provide assurance to the Board on compliance with the Corporate Governance Code.

**Relations with arm's length bodies (ALBs)**

1.17 The Board defines the relationship of the department with each of its ALBs, including strategic decisions relating to: establishment, status, structure, changes of status, changes of scope, mergers and reviews.

1.18 The Board is responsible for ensuring that the department oversees and steers the performance and financial position of each of the department's sponsored ALBs.

1.19 The Board should have oversight of the working relationships between the departments and its ALBs, ensuring that an appropriate framework has been
established with necessary communication and control mechanisms in place. The Board should ensure that any underperformance or drift in ALBs is followed up appropriately.

1.20 The BOF should also set out the relationship, including cross-membership or attendance as observers, of the Board and ALB Boards.