
REVIEW OF THE FSA BOARD AND COMMITTEES' TERMS OF REFERENCE AND STANDING ORDERS

Report by Heather Hancock and Jason Feeney

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1 SUMMARY

1.1 The Board is asked to:

- **Confirm** that the Terms of Reference for the Board remain unchanged since July 2016;
- **Confirm** that the Standing Orders for Board and Committee meetings remain unchanged since July 2016;
- **Confirm** that the Business Committee's Terms of Reference remain unchanged since July 2016;
- **Agree** the Terms of Reference for the Audit and Risk Assurance Committee, as reviewed by the Committee on behalf of the Board in March 2017; and
- **Consider and agree** any action that should be taken to reflect the conclusions of the Committee on Standards in Public Life's review of standards in regulatory bodies in the United Kingdom.

2 INTRODUCTION

- 2.1 The Food Standards Act 1999 provides that the Agency may regulate its own proceedings. Good governance requires that the Board and its Committees operate to clear, agreed Terms of Reference (ToR) and in accordance with Standing Orders. Since 2014, the Board has reviewed its suite of ToR and Standing Orders annually.
- 2.2 The current ToR for the Board were updated and agreed by the Board in July 2016 (**Annexe A**), following a review of the effectiveness of the Board by the incoming Chair. The current Standing Orders, which govern Board and Board Committee meetings, are attached at **Annexe B**.
- 2.3 In line with the ToR, the Board delegates to Committees certain functions mainly associated with implementation and corporate governance of the Agency: committees currently constituted under this power are the Business and Audit and Risk Assurance Committees.
- 2.4 The Board agrees and reviews the Terms of Reference of the Business and Audit & Risk Assurance Committees annually, together along with the Terms of Reference and Standing Orders for the Board. This paper fulfils that obligation, and considers a related point: the recommendations of a review of standards in regulatory bodies in the UK (from the Committee on Standards in Public Life).

3 DISCUSSION

Annual Review of Terms of Reference for Board and Board Committees

Terms of Reference for the Board

- 3.1 We are not proposing any changes to the Board ToR (Annexe A) at this time. They will remain as the Board agreed them in July 2016, and the Board will review them again in 2018. By this point, any consequences for the FSA of the UK's Exit from the EU will be more clearly established. The Board will then be able to consider any necessary governance adjustments to ensure the FSA Board comprehensively and appropriately discharges its responsibilities and obligations. This may, in turn, have consequences for the Board's Committee structure and the ToR of those Committees.

Terms of Reference for the Business Committee

- 3.2 The current ToR for the Business Committee were most recently updated and agreed by the Board in July 2016 (**Annexe C**).
- 3.3 We are not proposing any changes to the Business Committee ToR at this time. They will remain as the Board agreed them in July 2016, and the Board will review them again in 2018.

Terms of Reference for the Audit and Risk Assurance Committee (ARAC)

- 3.4 The current ToR for ARAC were most recently reviewed by the Committee, on the Board's behalf, in March 2017 (**Annexe D**).
- 3.5 The Committee did not propose any changes to the ARAC ToR. If the Board are content with the current ARAC ToR, then they will remain as the Committee agreed them in March 2017, and the Committee and the Board will review them again in 2018.

Review of Standing Orders

- 3.6 The Standing Orders for Board and Committee meetings (Annexe B) were most recently reviewed and agreed by the Board in July 2016.
- 3.7 We are not proposing any changes to the Standing Orders at this time. They will remain as the Board agreed them in July 2016, and the Board will review them again in 2018.
- 3.8 So that it remains accurate and up to date, we have prepared a minimal internal revision of the FSA's 'Statement of General Objectives and Practices' – a statement required under the Food Standards Act (1999) of the Agency's objectives and the general practices it adopts in carrying out its functions. Once the FSA's position and responsibilities outside the EU become clearer, we will review the statement again and bring it to the Board for consideration and approval, before publishing it.

Review of the recommendations of the Committee on Standards in Public Life

- 3.9 In September 2016, the Committee on Standards in Public Life (CSPL) published its report ‘Striking the Balance’¹ following a review of the extent to which regulatory bodies in the United Kingdom uphold the seven principles of public life.
- 3.10 The FSA participated fully in the review. We submitted a response to the Committee’s questionnaire, attended a round-table event the Committee organised for regulators, and Catherine Brown, when she was Chief Executive of the FSA, was interviewed by the Committee Chairman Lord Bew.
- 3.11 The Committee reported that it had been reassured by the level of awareness and consideration of ethical issues by the regulators it reviewed.
- 3.12 In its report, the Committee made a series of best practice recommendations for regulatory bodies, to help them consider how they can avoid undue influence and demonstrate the decisions they take are fair, well reasoned and evidence based.
- 3.13 The Committee grouped these best practice recommendations into six key areas, so that regulatory bodies can check the approach of their own organisation to the ethical standards they should be upholding. The Committee’s recommendations are in the table in Annexe E, grouped by the Committee’s six areas, together with the FSA’s position in relation to them.
- 3.14 In general, we are satisfied that the FSA already meets the standards put forward by the Committee.
- 3.15 We suggest there are two places where our approach could be further strengthened:
- in future, the Annual Report & Accounts will include a statement from the Chief Executive as accounting officer confirming the FSA is upholding the seven principles of public life, and
 - in future new colleagues will be made aware of the importance and significance of upholding these standards through the induction process.
- 3.16 There is one other area which we are considering reviewing. The 2016 Triennial Review of Scientific Advisory Committees (SACs) recommended that:
- “FSA should update its approach and current guidance on conflicts of interest including considering other models in use across Government nationally and internationally and their efficacy in protecting consumer interests.”*

¹https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/554817/Striking_the_Balance_web_-_v3_220916.pdf

- 3.17 That background work has concluded: for instance, the FSA has consulted with and reviewed guidance from a wide range of UK and international government bodies on this subject.
- 3.18 The principles which emerged to guide the approach for handling interests for experts also provide a good basis for managing interests in other areas across the FSA, including Board members' interests. There is therefore an opportunity to build on the work already done to update the FSA's approach for handling the interests of members of scientific advisory committees and to develop a single approach to cover the Board, its committees and advisory bodies.
- 3.19 Consequently, whilst the Board's Terms of Reference already cover declarations of interest for Board members (see paragraphs 18 and 19 in Annexe B), we see merit in reviewing and possibly updating these provisions – comparing them to the proposals emerging for advisers – so as to fit our vision of the FSA as an excellent, accountable, modern regulator, and to ensure that we have a single joined-up approach to interests.

4 CONCLUSION AND RECOMMENDATIONS

4.1 The Board is asked to :

- **Confirm** that the Terms of Reference for the Board remain unchanged since July 2016;
- **Confirm** that the Standing Orders for Board and Committee meetings remain unchanged since July 2016;
- **Confirm** that the Business Committee's Terms of Reference remain unchanged since July 2016;
- **Agree** the Terms of Reference for the Audit and Risk Assurance Committee, as reviewed by the Committee on behalf of the Board in March 2017; and
- **Consider and agree** any action that should be taken to reflect the conclusions of the Committee on Standards in Public Life's review of standards in regulatory bodies in the United Kingdom.

ANNEXE A

TERMS OF REFERENCE FOR THE FSA BOARD

(AS AGREED AT THE OPEN BOARD MEETING ON WEDNESDAY 13 JULY 2016)

Purpose: The Board is established by the legislation that established the FSA and constituted in line with the Food Standards Act 1999. It exists to represent the public interest and ensure that the organisation puts consumers first, to set strategy for the FSA, and to take major decisions on policy and key issues of principle, informing advice given to Ministers in Westminster and Wales and Northern Ireland. The Board has overall collective responsibility for the activities of the Food Standards Agency in England, Wales and Northern Ireland, and for ensuring that the FSA discharges its statutory duties to protect public health and consumers' interests in relation to food. The Board also, through the Chair, appoints the Chief Executive and holds her/him accountable, and supports the Chief Executive in the discharge of her/his role as Accounting Officer.

Devolution: The interests of Wales and Northern Ireland are taken into account in Board decisions and deliberations through advice from the Food Advisory Committees of these countries. Board papers are normally the subject of FAC consideration prior to their consideration in the Board.

Delegation: The Board may delegate to Committees certain functions mainly associated with implementation and corporate governance of the Agency. Committees currently constituted under this power are the Business and Audit and Risk Assurance Committees.

Transparency: The Board meets in the open so that it is clear to interested parties and the public on what basis it has taken its decisions and what evidence it has taken into account in reaching them, unless there are particular reasons why something cannot be considered in public. For example, since the FSA leads for the UK Government in negotiations on matters of food and animal feed law in Europe, discussions on the approach to be taken in those negotiations are held in private. Committees of the Board will also be held in public or will have their minutes published- unless there are particular reasons why specific issues cannot be considered in public.

Membership: In line with the 1999 Food Standards Act the Board will consist of a Chair, Deputy Chair and between 6 and 10 other members of whom 1 shall be appointed by the Welsh Government and 1 shall be appointed by the Department of Health and Social Services for Northern Ireland; the others shall be appointed by the Secretary of State.

Chairman: The Chair and Deputy Chair of the FSA are appointed by Ministers in England, Wales and Northern Ireland acting jointly.

Quorum: Five Board Members, of whom one to be one of the Members from Northern Ireland or Wales plus the Chair of the meeting.

Attendance: Members of the Executive shall also be required to attend and participate in Board meetings.

Reporting: The Board will approve an annual report of our activities and performance which will be laid before the Westminster Parliament, the Welsh Government and the Northern Ireland Assembly.

Effectiveness: The Board will undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual members in line with best practice outlined in the UK Corporate Governance Code.

Meetings: The Board shall meet at least 4 times a year.

As part of their meetings the members of the Board will meet three times each year in closed session to discuss issues related to governance, the performance of the Chief Executive, and the functioning of the relationship with the Executive from the perspective of the Board.

Responsibilities:

The Board will:

1. Set the strategic direction for the FSA within a framework of prudent and effective controls which enable risk to be assessed and managed.
2. Lay out the Agency's standards and values and be responsible for ensuring that the FSA's obligations to its stakeholders and the wider community are understood and met.
3. Establish such Committees as it sees fit. The Terms of Reference of all such Committees will be agreed by the Board and reviewed together along with the Terms of Reference and Standing Orders for the Board annually. The Business Committee will advise the Board on the overall disposition and allocation of resources in support of delivery of the strategy.
4. Take decisions on key issues of principle and policy, including those on which advice is to be given to Ministers.
5. Receive regular reports from its Committees.
6. Appoint the Chief Executive in line with the relevant Civil Service rules and, through the Chair hold the Chief Executive accountable for the Agency's performance.
7. Approve the Annual Report.

ANNEXE B

STANDING ORDERS FOR FOOD STANDARDS AGENCY BOARD MEETINGS

(As agreed at the Open Board meeting on Wednesday 13 July 2016)

Preamble

1. These Standing Orders apply to all Committees exercising powers or functions delegated by the Board (currently the Business and Audit and Risk Assurance Committees). They do not apply to the Scientific Advisory Committees.
2. Unless otherwise stated, any action required by these Standing Orders to be undertaken by the Chair may, in his/her absence, also be undertaken by the Deputy Chair.
3. Any reference to a Board meeting means an Open Board meeting and a Business Committee meeting, unless otherwise stated.

Date and Time of Meetings

4. The FSA Chair (Chair) shall, by Easter of each year, annually determine the dates, times and places of ordinary Open and Business Committee meetings for the year following, but the Board shall meet at least four times in each calendar year. The Chair may re-arrange the date, time and place of any ordinary Board meeting, convene an additional meeting or cancel any meeting where there are no matters for decision or discussion.
5. The locations for Board meetings shall be set so as to ensure that at least one meeting every year is held in Wales or Northern Ireland.
6. Any Board meeting may be conducted wholly or in part by electronic means including by video conference, an internet video facility or telephone conference.
7. The location of a meeting held by electronic means shall be deemed to take place where the largest group of those Board members participating is assembled or, if there is no group which is larger than any other group, where the Chair of the meeting is located.

Agenda

8. The Board Secretary shall send an agenda for each Board meeting by email and/or by post to every Board member at least ten clear working days before the date of the meeting or, in the event of urgency, at the earliest possible opportunity.

9. Failure to send or deliver an agenda to any Board member shall not invalidate the proceedings.
10. A copy of the agenda for each Board meeting shall be published on the FSA website at least three clear working days before the meeting.

Business to be transacted

11. The Board Secretary shall maintain a list of future agenda items for the year ahead. This list shall be compiled following discussion with the Chair, other Board members and the Chief Executive. However, the Board Secretary shall additionally consult the Chair and the Chief Executive on the business to be transacted at each meeting prior to the distribution of the agenda.
12. Any Board member may request the Chair to consider including an item on an agenda provided he or she has given at least 15 clear working days' notice before the meeting to the Chair or the Board Secretary.
13. Only the business specified in the agenda for the meeting may be transacted save that business of an urgent nature that is not included in the agenda may also be discussed and determined at any meeting.

Chairing of Meetings

14. Board meetings shall be chaired by the Chair of the FSA or, in his/her absence, the Deputy Chair. In the event that neither the Chair nor Deputy Chair is present, the Board members present may appoint one of their number to chair the meeting. The decision of the meeting Chair on any question of procedure raised at a meeting shall be final.

Quorum

15. The quorum for Board meetings shall be the Chair of the meeting plus five other Board members of whom one must be one of the members for Wales or Northern Ireland.
16. If there is no quorum within 30 minutes of the scheduled start of a Board meeting, or if the meeting becomes inquorate during the proceedings, the meeting shall be adjourned and the business postponed either to: a. a date, time and place fixed by the Chair of the meeting at the adjournment; or b. the next ordinary Board meeting.
17. Where Board members are not able to attend a meeting, they shall send their apologies in advance to the Board Secretariat. A Board member shall not be

absent from more than two consecutive meetings without the prior agreement of the Chair.

Interests to be declared at meetings

18. A Board member shall notify the Chair (or the Deputy Chair in the case of the Chair having an interest) in advance of the meeting of any interest that they may have in any agenda item and declare the nature of the interest at the meeting before the matter is discussed. In accordance with the provisions of the Code of Conduct, the Chair shall decide whether the Board member may remain present at the meeting for the discussion on that item and any decision thereon.
19. The Board Secretary or such other person present to take the minutes of the meeting shall record the declaration of interest, its nature and whether the individual left the room in the minutes of the meeting.

Minutes of Board meetings

20. The Board Secretary shall arrange for minutes to be prepared for all Board meetings. The minutes of a meeting shall be confirmed as a correct record at the next following Board meeting. When the next meeting is an additional meeting, the minutes may be confirmed at the next ordinary Board meeting. Once confirmed, the minutes are conclusive evidence of the decisions of the Board.
21. A copy of the minutes of Board meetings shall be published on the FSA website.

Decisions and voting

22. Decisions of the Board shall be taken by such method as the Chair chooses to ascertain the views of those present at the meeting. Where any matter is voted upon, it shall be decided by a majority of those present.
23. In the event that a vote is tied, the Chair shall have a second or casting vote.
24. Any Board member may request that his or her vote or abstention is recorded in the minutes.
25. The Board Secretary or such other person present to take the minutes of the meeting shall record all Board decisions in the minutes of the meeting.

Written Resolutions

26. A written resolution signed by at least three quarters of appointed Board members shall be as valid as if it had been agreed at a Board meeting. Such a resolution may consist of several documents in the same form each signed by one or more Board members including electronic signatures.

Delegation of powers and inter-sessional work

27. The Board has authorised the Chair to discharge such powers of the Board as he/she deems necessary in order to deal with the business of the Agency between Board meetings. Where, in the opinion of the Chair, significant operational or other matters require approval by the Board between meetings papers shall be circulated for approval by written resolution. Where, in the opinion of the Chair, full Board consideration is not justified or when circumstances make it impractical or unnecessary to consult the Board collectively, the Chair shall report to the Board at the earliest opportunity on any action that he or she may take.

Variation or Suspension of these Standing Orders

28. The Board shall review these Standing Orders annually, along with the terms of reference for the Board and each of its Committees, to ensure their continued effectiveness.
29. These Standing Orders shall not be varied or suspended unless a majority of those present at the meeting where the matter is considered so agree.

COMMITTEES OF THE BOARD WHICH EXERCISE POWERS OR FUNCTIONS ON ITS BEHALF

Application to Committees - General

30. Standing Orders 7, 9, 10, 11, 14, 15, 16, 17, 18, 20, 21, 22, 23, 24, 25 and 26 shall apply to Committees with any necessary modifications and subject to the provisions of Standing Orders 31 to 36 below.

Date and Time of Meetings

31. Each Committee shall annually determine the dates, times and places of its ordinary meetings for the year ahead, but shall meet at least once each year or on such number of occasions as the Board might specify in terms of reference for each Committee.

32. The Committee Chair may re-arrange the date, time and place of any ordinary meeting, convene an additional meeting or cancel any meeting where there are no matters for decision.

Agenda

33. The Board Secretariat shall send an agenda for each Committee meeting by email and/ or by post to every Committee member at least five clear working days before the date of the meeting or, in the event of urgency, at the earliest possible opportunity.

Chairing of Meetings

34. The Chair of each Committee shall be appointed by the FSA Chair for such term as he/she may determine, but ordinarily to run concurrent with the remainder of a Board member's term of office.
35. In the absence of the Chair, the other Committee members present shall appoint one of their number to chair the meeting.
36. Business Committee meetings shall be chaired by the Chair of the FSA or, in his/her absence, the Deputy Chair. In the event that neither the Chair nor Deputy Chair is present, the Board members present may appoint one of their number to chair the meeting. The decision of the meeting Chair on any question of procedure raised at a meeting shall be final.

Membership

37. Membership of each Committee shall be in accordance with the terms of reference for each Committee.
38. All members of the Board are members of the Business Committee. The Chief Executive and members of the Executive Team are also members of the Business Committee up to a number equivalent to the Non-Executive members of the Board excluding the Chair.

Quorum

39. Unless otherwise stated the quorum for any Committee meeting shall be a minimum of three or such greater number as the Board may state in the terms of reference for the Committee.
40. The quorum for the Business Committee shall be five Non-Executive members, of whom one to be one of the members from Northern Ireland or Wales plus the

Chair of the meeting, plus three Executive Team members including the Chief Executive or their nominated deputy.

Definitions

Agenda – means the reports or papers for the meeting together with the cover sheet listing the items for consideration at a meeting

Clear Working Days – excludes the day on which the Agenda is distributed, the day of the meeting, Saturdays, Sundays and Public Holidays.

ANNEXE C

TERMS OF REFERENCE FOR THE FSA BUSINESS COMMITTEE
(AS AGREED AT THE OPEN BOARD MEETING ON WEDNESDAY 13 JULY 2016)

Purpose: The Business Committee is a committee to which the FSA Board has delegated functions as detailed below. It exists to provide appropriate high level oversight of financial and operational matters at Board level and support the translation of policy into effective results.

Transparency: It meets in the open so that it is clear to interested parties and the public on what basis it has taken its decisions and what evidence it has taken into account in reaching them. There are some issues that need to be discussed in private, because they relate to issues that are commercial in confidence, are the subject of live negotiations in which the public interest could be adversely affected, or relate to individuals.

Membership: All members of the Board are members of the Business Committee. The Chief Executive and members of the Executive Team are also members of the Business Committee up to a number equivalent to the Non-Executive members of the Board excluding the Chair. The Chief Executive will be responsible for determining which members of the Executive are members of the Business Committee.

Chair: The Chair of the FSA.

Quorum: Five Non Executive Board Members, of whom one to be one of the Members from Northern Ireland or Wales plus the Chair of the meeting, plus three Executive Team members including the Chief Executive or their nominated deputy.

Reporting: The Business Committee will publish its minutes. The Terms of Reference for the Business Committee will be reviewed annually by the Board together along with the Terms of Reference and Standing Orders for the Board.

Meetings: The Business Committee shall meet at least 4 times a year.

Responsibilities:

The Business Committee will on behalf of the Board:

1. Scrutinise the financial and other performance information relating to the FSA and advise the Chief Executive in the discharge of the Accounting Officer responsibilities
2. Consider and advise on strategic risks
3. Approve the annual business plan and maintain oversight of major financial decisions in line with that plan

4. In private, consider confidential matters relating to the position to be adopted on behalf of the UK in international discussions concerning food and animal feed law
5. Consider such other matters as may from time to time be delegated to the Business Committee by the main Board.

The Chair may decide that specific issues must be remitted to the Board for decision.

ANNEXE D

**Terms of Reference for the FSA Audit & Risk Assurance Committee
(March 2017)**

Purpose

The Audit and Risk Assurance Committee is a Committee of the FSA Board and is responsible for reviewing, in a non-executive capacity, the comprehensiveness and reliability of assurances on governance, risk management and the control environment. It is also responsible for reviewing the integrity of financial statements and the annual report.

Membership

A minimum of five Members of the FSA Board appointed by the FSA Chair under delegated powers following consultation with the Committee Chair. At least one of those appointed will be a Board Member for Wales or Northern Ireland. The term of appointment will normally be coterminous with an individual's term of appointment to the FSA Board and will automatically cease if an individual ceases to be a Board Member. At least one of the Committee members should have recent and relevant financial experience.

Committee Chair

Appointed from the membership of the Committee by the Chair of the FSA under delegated powers. The term of appointment will normally be coterminous with an individual's term of appointment to the FSA Board.

Co-option

The Committee may co-opt additional members (whether members of the FSA Board or not) for a period of up to one year to provide specialist skills, knowledge or experience. Co-opted members will have a right to speak, but not vote. Co-opted members will not be included in any calculation of the quorum.

Quorum

Three Non-Executive Board Members.

Attendance

The Chief Executive, as Accounting Officer, the Director of Finance and Strategic Planning, the Head of Planning, Performance & Change and the Head of Internal Audit, and a representative of the External Auditors (National Audit Office) would normally be invited to attend.

Directors and other officials will be invited to attend as required.

Reporting

The Audit & Risk Assurance Committee Chair will provide the Chair of the FSA and the Board with an oral update on the key elements of Committee meetings. The Audit & Risk Assurance Committee will report formally in writing to the Board, annually, to support the finalisation of the accounts and the Governance Statement and to update the Board on the work of the Committee, Internal and External Audit and any areas requiring specific attention.

Meetings

The Audit & Risk Assurance Committee will meet at least four times a year. The Chair of the Committee will convene additional meetings as necessary. The Committee has the right to sit privately without any non-members present for all or part of a meeting.

Additionally the members of the Committee will meet with the Head of Internal Audit and, separately, the External Auditors, annually, in closed meetings when the efficacy of the processes, trust, co-operation and any other issues can be discussed and future action agreed.

The FSA Chair, the Board or the Accounting Officer may ask the Audit and Risk Assurance Committee to convene further meetings to discuss particular issues on which they want the Committee's advice.

Responsibilities

The Audit & Risk Assurance Committee will advise the FSA Board and Chief Executive on:

1. The strategic processes for risk management, **including reviewing the risk profile and register and considering the Agency's risk appetite;**
2. **The high level control and governance framework and the effectiveness of its operation in practice;**
3. The contents of the Governance Statement;
4. The accounting policies, the accounts, and the annual report of the FSA, including the **judgements used in producing the accounts, the adequacy of disclosures, the** process for review of the accounts prior to submission for audit, levels of error identified, and management's letter of representation to the external auditors;
5. **The effectiveness of the design and operation of financial systems and controls;**
6. The planned activity and results of both internal and external audit;
7. **The resourcing and effectiveness of the Internal Audit function;**

8. The adequacy of the management response to issues identified by audit activity, including external audit management letters;
9. Assurances relating to the corporate governance requirements for the organisation;
10. Proposals for tendering for either Internal or External Audit services or for the purchase of non-audit services from contractors who provide audit services;
11. Anti-fraud policies and whistle-blowing processes, and arrangements for special investigations; and
12. The Committee's effectiveness having reviewed its own performance, constitution and terms of reference and recommending any changes it considers necessary.

Information Requirements

The Audit & Risk Assurance Committee will be provided with, where appropriate:

1. Any changes to the organisation's Corporate Risk Register that are relevant to the responsibilities of the Committee;
2. The risk management strategy
3. Management assurance reports, and report on the management of major incidents, 'near misses' and lessons learned;
4. Progress reports from the Head of Internal Audit summarising:
 - a. work performed (and a comparison with work planned)
 - b. key issues emerging from Internal Audit work
 - c. management **action in** response to **issues identified and agreed**
 - d. changes to the Internal Audit Plans
 - e. any resourcing issues affecting the delivery of Internal Audit objectives
5. Progress reports from the External Audit representatives summarising work done and emerging findings;
6. External assurance and compliance reports in relation to the FSA's activities;
7. Internal Audit Strategies and annual plans;

8. The Head of Internal Audit's Annual Opinion and Report;
9. Quality Assurance reports on the internal audit function;
10. The draft accounts of the organisation;
11. The draft Governance Statement
12. Any changes to accounting policies;
13. Proposals to tender for audit functions;
14. Summary of findings of every Internal Audit report;
15. External audit's management letter; and
16. a report on cooperation between the FSA auditors and external auditors.

The Audit & Risk Assurance Committee will work with the FSA's Executive Management Team to ensure that the Board can be confident that risk management processes, content, mitigating and recovery actions are appropriate and correctly resourced.

Notes

1. The Chair of the Audit & Risk Assurance Committee will have free and confidential access to the Chair and Chief Executive of the FSA whenever appropriate.
2. The Head of Internal Audit and the representatives of External Audit will have free and confidential access to the Chair of the Committee.
3. The Committee may procure specialist ad-hoc advice at the expense of the FSA, subject to the cost being agreed by the Chief Executive as Accounting Officer.

ANNEXE E

Best Practice Recommendation by the Committee on Standards in Public Life	FSA position
<p>Governance</p> <ol style="list-style-type: none"> 1. The board is responsible for providing leadership and setting standards on ethical behaviour within the organisation. The board should seek regular evidence-based assurance that the highest ethical standards are being upheld. 2. Non-executive and lay members of boards – whether statutory or advisory – have an important role to play in ensuring that the regulatory body is beyond reproach in following the Principles of Public Life. All board members have a responsibility to ensure that adequate discussion of issues occurs before decisions are made. 3. Corporate governance arrangements should minimise the risk of conflicts of interest and individuals acting for private gain. 4. Compliance with ethical standards of conduct should be confirmed in the published annual certification by accounting officers. Regular, published information should include up-to-date registers of meetings, conflicts of interest and gifts and hospitality. These should be publicly accessible. 	<p>This paper summarises briefly how the FSA is upholding ethical standards.</p> <p>Board members recognise and accept that they have a responsibility to ensure that adequate discussion of issues occurs before making decisions. Taking decisions based on the available evidence has always been a guiding principle for the FSA – we publish the evidence underpinning issues discussed by the Board in advance of the Board making decisions, which is done in public.</p> <p>Board members should declare all personal or business interests that may be perceived to influence their judgement. Such interests include involvement in the agriculture, food and related industries.</p> <p>Declaration of interests and withdrawal from meetings are used to ensure Board members are not influenced, or appear to be influenced, by their private interests during their public duties.</p> <p>Board members' declared interests are published on the FSA website.²</p> <p>In future, the Annual Report & Accounts will include a statement from the Chief Executive as accounting officer confirming the FSA is upholding the seven principles of public life.</p> <p>The FSA regularly publishes on its website minutes of Board meetings, including declarations of interest made prior to each discussion.</p> <p>The FSA is committed to high standards of openness and transparency. This enables the public easily to see how and where taxpayers' money is being spent and to hold the department to account.</p>

² <https://www.food.gov.uk/about-us/our-board/boardmem>

	<p>Details of the business expenses and gifts and hospitality received and registered by Food Standards Agency Board members and Directors are published regularly on our website.³</p> <p>The Chair and Chief Executive report to each Board meeting on meetings they have had since the previous Board meeting. A summary of Board members' engagements is published on the FSA website.⁴</p>
<p>Codes of Conduct</p> <ol style="list-style-type: none"> 1. At least one code of conduct should cover all personnel. This includes executive and non-executive board members, employees, secondees, consultants, and contractors. 2. A regulatory body's code of conduct should be at least equivalent to the Civil Service Code, and reflect the ethical risks faced by the regulatory body. 3. The standards established in the code of conduct should be evident in the recruitment and appraisal Jo checking processes of the organisation. Staff should be made aware of the importance and significance of upholding these standards at their induction and through regular training processes. 	<p>Everyone working in the FSA has to follow a code of conduct.</p> <p>The executive are bound by the Civil Service Code, which sets out the standards of behaviour expected of civil servants. This code is explicitly referenced in the recruitment FSA's processes and in job adverts. The FSA is currently reviewing its corporate induction, and in future new colleagues will be made aware of the importance and significance of upholding these standards.</p> <p>The 'Code of Conduct for Members of the Board of the Food Standards Agency' sets out the standards of conduct and probity that members of the FSA Board are expected to meet at all times.⁵ The Code includes a provision that Board Members are expected to follow the seven principles of public life set out by the Committee on Standards in Public Life.</p>
<p>Revolving door</p> <ol style="list-style-type: none"> 1. Policies and procedures should be in place to manage 'revolving door' situations where individuals come from, or go to, the regulated sector. These should apply to all individuals at any level of the organisation. 2. Where board members and staff are 	<p>The FSA publishes on its website transparency information about outside appointments or employment taken up by former employees of the Food Standards Agency at SCS1 and SCS2 level and equivalents (including special advisers of equivalent standing) which fall into scope of the business appointment rules.⁶</p>

³ <https://www.food.gov.uk/about-us/data-and-policies/transparencydata/expenses-gifts-hospitality>

⁴ <https://www.food.gov.uk/about-us/our-board/boardmem>

⁵ <https://www.food.gov.uk/sites/default/files/multimedia/pdfs/board-code-of-conduct.pdf>

⁶ <https://www.food.gov.uk/about-us/data-transparency-accounts/fsa-business-appointment-rules>

<p>recruited from the regulated sector, relevant safeguards should be considered, such as isolation from the regulation of recent employers or exclusion from key meetings.</p> <p>3. At every board meeting, members should be asked to declare any actual or potential conflict of interest and these should be publicly recorded. Where the board agrees that a conflict is inappropriate, the member should be recused from both the discussion and decision making.</p> <p>4. The process for departing board members and senior executives should be in line with arrangements for ministers and senior civil servants as determined by the Advisory Committee on Business Appointments. In order to ensure that such moves are conducted with integrity, and to promote trust in the regulatory body, regulators should be entirely transparent about post-employment destinations and restrictions.</p> <p>5. Additional safeguards should be considered for anyone who leaves the regulatory body. These include explicit prohibitions on disclosing confidential information, restrictions on contact with the regulator, and gardening leave requirements.</p>	<p>At every Board meeting, the Chair reminds Board members to declare any conflicts of interest prior to each discussion. These are recorded in the minutes. The Board meetings are also webcast.</p> <p>After a Board Member has declared the nature of their interest at the Meeting, the Chair (or Deputy Chair in the case of a declaration by the Chair) will decide whether the Board Member should participate in the discussion and decision on an issue. If a Board Member has a direct financial interest in a matter under discussion, the Chair will require that the Board Member leave the meeting. If the Chair considers that an observer who knows the facts might reasonably think that any other declared interest is so significant as to prejudice the Board Member's judgement, the Board Member will be required to leave the meeting.</p> <p>The rules for staff governing official information and related activities are set out in their contracts of employment and included the civil service code of conduct.</p> <p>As a Government department, the FSA follows all civil service HR policies. The Cabinet Office (CS employee policy) determine policy on subjects such as gardening leave.</p>
<p>Independence</p> <p>1. The operational independence of regulators must be upheld. Ministerial guidance on operational aspects may be transparently considered, but should not be treated as binding, unless there are statutory provisions for such guidance.</p> <p>2. Any ministerial guidance to a regulatory body on its strategic direction should be published online by the regulator.</p> <p>3. While constructively engaging with</p>	<p>The FSA is set up by statute as a non-ministerial department. The Board ensures the FSA fulfils its legal obligations so that its decisions or actions take proper account of scientific advice, the interests of consumers and other relevant factors.</p> <p>The FSA is governed by the Board, rather than directly by ministers, because the FSA is a non-ministerial government department. Day-to-day management of the FSA is delegated to officials through the Chief Executive.</p>

<p>the regulated sector, regulators should guard against the dangers of ‘regulatory capture’. Regulators should seek to ensure that staff at all levels are clearly aware of conflicts of interest and are explicitly advised about the risks of bias in decision making.</p> <p>4. Regulators should regularly publish full and accessible information on their sources of funding and, specifically, any restrictions proposed by those who provide their funding. Regulatory bodies should demonstrate that funding mechanisms do not have an impact on their independence and integrity.</p>	<p>The Committee highlighted in its report the FSA’s good practice in relation to whistleblowing. The Chief Operating Officer leads on Whistleblowing. Allocating a member of executive staff responsible for whistleblowing emphasises the importance of internal accountability to the regulator.</p> <p>The FSA has a clear conflicts of interest policy for staff. HR business partners advise staff on the policy.</p> <p>The FSA publishes its Annual Report & Accounts (ARA) each year in June in an accessible format on our website, including a welsh language version of the Wales ARA.</p> <p>The report contains a ‘Fees and Charges’ note, which provides an analysis of material programme income from services provided to external and public sector customers.</p> <p>The FSA’s main source of external funding is provided by the meat industry – £25.4m in 2016/17.</p> <p>Each year the FSA discloses information on the costs of delivering meat hygiene official controls in meat premises. This information includes a breakdown of costs so it is clear how charges to industry are calculated. The charge out rates and the information used to calculate the rates are externally audited to provide assurance about the integrity of the process.</p> <p>How the FSA spends its money is publicly reported to the Business Committee every quarter.</p>
<p>Transparency</p> <p>1. Regulators should publish and update their corporate governance documents. These should include minutes of meetings, registers of interests, annual reports, their rules and guidance and their decision making processes.</p>	<p>As mentioned above, the FSA is committed to high standards of openness and transparency.</p> <p>We publish all of these documents, and much more, on our website.</p> <p>The FSA is a public authority under the Freedom of Information Act 2000.</p>

<p>2. Any body with regulatory functions not designated a ‘public authority’ under the Freedom of Information Act 2000, should have a publication scheme in line with the best practice established by the Information Commissioner’s Office.</p>	
<p>External Leadership</p> <p>1. Regulators should actively engage with those they regulate and take a leadership role by encouraging positive attitudes towards compliance.</p> <p>2. Such promotion of an ethical approach to compliance would be supported by a suitable amendment to the Regulators’ Code.</p>	<p>The FSA has a constructive relationship with industry. One of the ways in which we use our leadership role is to promote high standards of transparency and openness.</p> <p>Effective examples of this include our work with industry on Campylobacter, where we published data on compliance with shared targets and the move towards industry publishing their own data.</p>