



FISHERIES INNOVATION & SUSTAINABILITY

Governance Document
January 2023

Fisheries Innovation & Sustainability

Guidelines for Governance & Standard Operating Procedures

Preface

The purpose of this document is to provide a reference source which, in conjunction with the Articles of Association, will cover the governance, administration and management of Fisheries Innovation & Sustainability (FIS).

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Document History

Revision History			
Version/File Name	Date of Issue	Author/s	Summary of Changes
Fisheries Innovation Scotland - Governance/ SOP V1.1	08/04/2014	JT	Initial Release
Fisheries Innovation Scotland - Governance/ SOP V1.2	XX/XX/2014	JT	Minor amendments requested by Board during Inaugural meeting
Fisheries Innovation Scotland - Governance/ SOP V1.3	20/07/2016	SG	Update after changes to secretariat 01/10/2015
Fisheries Innovation Scotland - Governance/ SOP V1.4	14/04/2020	SG/KB	Periodic review and update
Fisheries Innovation Scotland - Governance/ SOP V1.5	16/07/2021	KB	Addition of equality and safeguarding policies
Fisheries Innovation & Sustainability – Governance/ SOP v2	09/01/2023	KB/SG	New name and remit of organisation

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1. DEFINITIONS

AGM – the Annual General Meeting.

Articles – Articles of Association and any ancillary regulations thereunder, in force from time to time.

Authorised Representative – as defined in Article 5.2 in relation to each organisation which is a member.

Board – the Board of Trustees.

Board of Trustees – the Board of Directors of FIS

Charitable Purposes – as described in Article 3 on the basis that they fall within section 7 of the Charities Act and are also regarded as charitable in relation to the application of the Taxes Acts.

charity – a body on the Scottish Charity Register (OSCR) which is also regarded as a charity in relation to the application of the Taxes Acts.

FIS – Fisheries Innovation & Sustainability.

Companies Act – the Companies Act 2006 as amended and every statutory modification and re-enactment thereof for the time being in force.

EC – European Commission.

EGM – an Extraordinary General Meeting, and any General Meeting which is not an AGM.

Executive Director – the individual contracted by the Board to head and manage the Secretariat.

In writing – written, printed or lithographed, or partly one and partly another, and other modes of representing or producing words in a visible and non-transitory (albeit electronically-based) form.

Members – all members of FIS.

Month – calendar month.

Named Depute – as defined in Article 5.2 in relation to each organisation which is a member.

Organisation – any body, corporate, unincorporated association, society, federation, authority, agency, union, co-operative, trust, partnership or other organisation (not being an individual person).

Property – any property, assets or rights, heritable or moveable, wherever situated in the world.

Secretariat – those individual/s contracted by the Board to undertake and perform the tasks associated with the day to day management and operation of FIS.

Subscribers – those persons and/or organisations who have subscribed to the FIS Articles of Association.

Stakeholder Committee and Expert Groups – appointed and tasked by the Board of Trustees with providing expert opinion and advice regarding FIS work.

Trustee(s) – Director(s) for the time being of FIS.

2. Introduction and Mission

Fisheries Innovation & Sustainability (FIS) is a coalition of experts driving strategic innovation for a prosperous and sustainable UK seafood industry. It is a legally constituted, non-profit-distributing organisation with charitable status, with the remit to facilitate, coordinate and leverage investment for innovation in UK seafood.

Charitable Purposes

The charitable purposes of FIS (as defined within the Articles of Association) are: the advancement of education; the advancement of citizenship or community development; the advancement of environmental protection or improvement; and the advancement of the arts, heritage, culture or science.

In furtherance of the charitable purposes, FIS supports and facilitates innovation in UK seafood, by

- advancing research, education, expertise & training in relation to prosperous & sustainable UK seafood; and
- providing information & support to members, other organisations, members of the public, public bodies, and governments.

Founding Documentation	FIS Articles of Association
Company Registration	SC477579
Charitable Registration	SC045119
Registered Office address	51 Atholl Road, Pitlochry, Perthshire PH16 5BU
Correspondence address	FIS Secretariat, PO Box 7223, Pitlochry, Perthshire PH16 9AF
Website	www.fiscot.org
Company Secretary	J. & H. Mitchell W.S. Solicitors and Estate Agents 51 Atholl Road, Pitlochry, Perthshire PH16 5BU Telephone: +44 (0)1796 472606 Email: j@hmittchell.co.uk
Contact person	Ms Kara Brydson (FIS Executive Director) Telephone: +44 (0) 7842 891508 Email: execdir@fiscot.org
Main Contact List:	
<i>Secretariat</i>	Ms Kara Brydson execdir@fiscot.org (FIS Executive Director) Mrs Sandra Gray s.gray@fiscot.org (Admin & Finance)
<i>Chair</i>	Mr John Goodlad john@nasfarms.com

3. Composition of Fisheries Innovation & Sustainability

Structure of FIS

- **Members:** Membership shall be open to any organisation which supports FIS's charitable purposes, and which both applies to join and is accepted for membership by the Board. The requirements of membership are outlined below.
- **Chair:** The Chair is an independent member of the Board (i.e. a Co-opted Trustee) selected by the Member organisations from a shortlist of nominees.
- **Trustees:** each FIS Member organisation may request that one nominated individual is appointed as an Elected Trustee on the FIS Board.

- Alternates: An Elected Trustee may appoint an Alternate (Trustee) to attend any Board meeting on their behalf, subject to Article 8.3 of the FIS Articles of Association.
- Stakeholder Committee and Expert Groups: Members of the Stakeholder Committee and workstream Expert Groups are individuals held as possessing knowledge or expertise in fields related to UK seafood innovation. The composition of the Stakeholder Committee and each Expert Group is agreed by the Board.
- Executive Director: The Executive Director will head the Secretariat and thereby oversee the day to day operation of FIS. The Executive Director will be appointed by the FIS Board.
- Secretariat: The Secretariat is an individual/s or organisation appointed by the FIS Board.
- Company Secretary: The Company Secretary is appointed by the Board and may be another Board member, part of the Secretariat or another individual or company.
- Accountants: The FIS accountants are re/appointed annually by the FIS Board.

Membership

Membership shall be open to any organisation that:

- supports FIS' charitable purposes, and activities which are: *to support and facilitate innovation in UK seafood, by advancing research, education, expertise & training in relation to prosperous & sustainable UK seafood; and providing information & support to members, other organisations, members of the public, public bodies, and governments.*
- has a demonstrable track record as a stakeholder in relation to UK seafood;
- applies to join and is accepted for membership by the sitting Board of Trustees; and
- is willing and able to pay the minimum agreed annual subscription.

It is a requirement of membership that all member organisations pay an annual financial subscription of at least £25,000. However, this amount is reviewed and may be amended by a vote of the membership during the AGM. The minimum subscription amount will be periodically reviewed (timescale determined by the Board) using appropriate economic indicators such as inflation, interest rates, predicted increases in overheads, etc.

A successful application for membership will not become effective until after receipt of the annual membership subscription. All members must, within one month of admission to membership, appoint one named Authorised Representative and one Named Depute. These individuals are tasked with representing the member organisation at all FIS General Meetings (both AGMs and EGMs). Members are also entitled, if they so choose, to appoint one elected Trustee to the Board as well as a named Alternate.

A Register of Members is maintained by the Board and contains relevant details of each member organisation (including the level of subscription). This register is open to all members as well as any non-members provided the conditions described in Article 5.4.3 are met.

A member (plus any Board member and/or Named Depute thereof) may no longer serve as such in any one or more of the following events:

- Resignation of membership (with not less than 7 days prior notice in writing to FIS);
- Expulsion by the Board for failure to provide outstanding membership subscription (i.e. subscription remains outstanding for more than three calendar months after the date on which it fell due; providing the member in question has been given at least one written reminder);

- Expulsion by the Board if a resolution that a member be expelled is passed by a majority of at least 75% of the members present and voting at a General Meeting (provided that a minimum of 14 days previous notice has been given specifying the intention to propose such a resolution and the grounds on which it is proposed has been issued to all Trustees, all members and the Company Secretary and also to the member whose removal is in question, such member being entitled to be heard at that meeting); or
- The member organisation goes into receivership, liquidation, dissolves or otherwise ceases to exist.

Board of Trustees

The Board is responsible for directing the affairs of FIS in accordance with its mission and charitable purposes (as described in the FIS Articles of Association). The Board has delegated responsibility for the day-to-day management and operation of FIS to the Secretariat, overseen by the Executive Director. However, fiduciary duties cannot be delegated and, therefore, the Board retains oversight responsibility for all matters that have been delegated. Board service should not be viewed as merely an honour; the oversight responsibilities of Board members are a legal obligation.

With regard to the composition of the Board, it is the general practice that all members contributing the minimum agreed subscription per annum (Article 5.6.6) may nominate one individual from within their organisation to act as a Trustee of FIS. The Articles also give provision for the Board to appoint Co-opted Trustees under the terms in Article 8.4.

Trustees may express a single vote as part of the Board. The minimum number of Board members (Trustees) permitted by law at any given time is three. If the number of Trustees falls below this number, the Board may act only for the purposes of appointing sufficient Trustees to match or exceed said minimum.

There is no set time limit with regard to the tenure of Board members (Trustees). A member organisation may elect to remove/replace its own elected Trustee at any time (provided a minimum of 48 hours' notice is given prior to any Board meetings). In addition to the above, any nominated individual will also cease to be a Trustee and therefore a member of the Board under any of the conditions described in Article 8.5.

The primary functions of the Board include the following:

- Selecting, monitoring, evaluating and, if necessary, replacing the Executive Director and/or Secretariat;
- Defining and re-evaluating the long-term strategy by which FIS fulfils its mission and charitable purposes as well as monitoring the performance of the organisation in its implementation of this strategy;
- Approving budgets, financial plans and financial statements; reviewing and approving material capital allocations and expenditures as well as monitoring and ensuring the integrity of the governance processes of FIS (i.e. financial reporting, internal control measures and auditing);
- Balancing constituency interests in a manner that is consistent with the mission of FIS;
- Understanding FIS's risk profile as well as reviewing and overseeing the management of said risks;
- Ensuring the compliance of FIS with all applicable laws, regulations, policies and ethical standards;

- Assist in obtaining resources through financial contributions, fundraising and/or grant-writing; and
- Monitoring the composition of the Board and its committees, and determining governance practices.

Stakeholder Committee and Expert Groups

The FIS Stakeholder Committee and Expert Groups are appointed and maintained by the FIS Board of Trustees (in consultation with the membership where appropriate) retaining full control over its composition and remit.

FIS's stakeholder and advisory structure supports FIS' geographical and sectoral remit and allows FIS to benefit both from the experience of seafood industry stakeholders, and advice from wider experts in areas related to innovation. groups. This dual structure supports FIS' remit as a solution provider harnessing strong technical expertise, and industry knowledge and buy-in.

The Stakeholder Committee is a permanent committee of around 15 individuals, which meets twice a year to advise on the practical implementation of FIS projects, and help FIS identify new areas of innovation in response to stakeholder needs. Members include representatives of the fishing, processing, retail, fisheries management and marine science sectors.

The Expert Groups are ad hoc groups, established for the life of each workstream and meeting at milestones for each workstream project. These groups comprise experts from both seafood and wider industry, government and research to increase FIS' knowledge of novel ideas and how to harness these for fishing innovation, and to improve fishing literacy amongst the broader innovation communities.

These groups are responsible for providing expert opinion, advice and recommendations to the Board of Trustees with regard to the innovation needs of UK seafood and potential strategies by which these may be met. They are comprised of individuals who are held as experts in their respective fields and is representative of the breadth of the UK seafood sector.

As with membership of the Board there is no set tenure for committee and group members; however, members may be asked to demit from the committee or groups by the Board at any time, provided at least one month's notice is given (Article 14.3).

The Secretariat is responsible for ensuring that minutes of each committee and group meeting are available for circulation to the Board within one month of each meeting. Members of the committee and groups are not entitled to attend any General Meeting of the members of FIS, or any meeting of the Board of Trustees. However, any one or more of them may be specifically invited to do so, at the discretion of the Board. The Chair of the Board, whilst not being a member of the committee or groups, may also attend any meeting and is therefore included in the circulation of all notices, agendas and papers relating to each meeting.

Further to the above, and in concert with the Board, the committee and groups may institute any rules or practices it deems fit in relation to its work and conduct.

The primary functions of the Stakeholder Committee and Expert Groups include but are not limited to the following:

- Provide the Board of Trustees with expert opinion and advice regarding gaps in current knowledge relating to UK seafood and seafood innovation;
- Review the critical research requirements/priorities submitted by the FIS membership and recommend potential strategies (i.e. projects) needed to meet them;

- Review all project proposals submitted for consideration and recommend to the Board of Trustees those proposals they feel are both commensurate with the aims and ethos of FIS and practicable given the allocated resources;
- Provide expert opinion and participate in the review of active projects as well as the appraisal and evaluation of completed projects, with particular emphasis on project deliverables.

Secretariat

The Secretariat provision for FIS is fulfilled across two roles; that of the Executive Director plus an administrative support role, in general referred to as the Executive Secretary. FIS contracts administrative provision (secretariat services) from an organisation, or alternately, self-employed individuals (evidence of self-employed status may be required).

The role of Executive Director revolves around implementing the Board of Trustees strategic plans for FIS in the most time-efficient and cost-effective manner possible. The Executive Director (alongside the Board) is responsible for ensuring that FIS is run efficiently in order to maximise the capital available for project expenditure. Consequently, the Board of Trustees delegates responsibility for the day to day operation of FIS to the Executive Director. Such operation includes co-ordinating the activities of the Board of Trustees, the Stakeholder Committee and Expert Groups, and any subcommittees thereof, as well as the management of the Secretariat. The Executive Director collaborates with the Board of Trustees and Chair in the development and implementation of FIS goals and research strategy. As head of the Secretariat, the Executive Director also has responsibility for directing and overseeing the processes associated with the commissioning, monitoring and management of FIS research projects. Furthermore, the Executive Director also plays a key role in facilitating the educational remit of FIS, via the organisation of workshops, seminars, networking and other events, as well as leading all fundraising activities. The Executive Director acts as the primary liaison/contact point on behalf of the organisation.

The role of Executive Secretary involves the provision of the primary administrative support services necessary for the efficient day to day operation of FIS. The Executive Secretary reports directly to the Executive Director but also works closely with the FIS Chair and Board of Trustees.

Terms of Reference

FIS Chair: must be willing to:

- Attend and chair the proceedings of all meetings of the FIS Board of Trustees as well as the AGM. The role may also necessitate that the Chair attend occasional external functions with high level members of government and industry;
- ensure that a quorum is present (i.e. at least 50% of Trustees/Alternates) at each Board meeting;
- ensure that accurate minutes are taken at all meetings of the Board and AGM;
- review and approve the minutes of Board meetings;
- act in good faith and with honesty, integrity, prudence and competence in what he or she considers to be the best interests of FIS;
- seek to achieve consensus within the Board and ensure that the Stakeholder Committee and Expert Groups function effectively in advising the Board;
- avoid any conflicts of interest, but if such instances arise to make them known, in a timely fashion, to the Board of Trustees;

- agree to devote an appropriate level of time and attention to the role of Chair of FIS;
- actively forge links with relevant individuals and organisations that may facilitate the activities of FIS;
- report on the activities of FIS to the membership during the AGM;
- oversee the election of any new Trustees to the Board (where relevant);
- ensure that all votes put before the Board are undertaken in accordance with the procedures set out in the Articles of Association and these FIS governance documents;
- in concert with the Board and Secretariat determine the date, time and location of the annual general meeting and to develop the agenda for said meeting;
- act as one of the signatories for the FIS bank account/s;
- ensure that all statutory documents, including the Annual Return and Accounts, are lodged timeously, and;
- perform any other duty which may reasonably be defined as falling under the remit of Chair of the Board of Trustees of FIS.

Board of Trustees: Trustees (and where required their Alternates) must be willing to:

- via attendance of Board meetings, provide leadership as well as sound, impartial and lawful governance in regard to the operation of FIS;
- seek to set and maintain the values and standards of FIS;
- act in good faith and with honesty, integrity, prudence and competence in what he or she considers to be the organisations best interests;
- avoid any conflicts of interest, but if such instances arise to make them known, in a timely fashion, to the Chair and rest of the Board;
- agree to devote an appropriate level of time and attention to the role of Trustee;
- assume a duty of care in regard to the distribution, allocation and monitoring of FIS funds (i.e. to obtain regular, accurate and informative, budgets, forecasts, budgetary controls, cash flows and accounts);
- incur a degree of shared legal responsibility through the operation of FIS (insurance cover provided via an indemnity policy);
- be responsible (as part of the Board) for the appointment and replacement of individuals from the FIS Stakeholder Committee and Expert Groups;
- seek to ensure that FIS explores and capitalises on potential funding opportunities;
- make effort to forge links with relevant individuals and organisations that may facilitate the activities of FIS;
- ensure that FIS does not breach any of the requirements or rules set out in its Articles of Association or governance documents and that it remains true to its charitable purposes;
- ensure that FIS acts lawfully and complies with the requirements of all applicable legislation (i.e. CTI(S) Act) and regulators (OSCR) which govern its activities as a charity;
- verify that achievable objectives are set in relation to the human and financial resources available to the organisation;

- guard against the liabilities of FIS exceeding its assets and thereby ensure that it remains functional and solvent (i.e. ensure that an appropriate financial reserve is maintained);
- when necessary, objectively review submitted proposals as well as the recommendations of the Stakeholder Committee and Expert Groups prior to making any decision with regard to the allocation of project funding;
- evaluate the recommendations of the Stakeholder Committee and Expert Groups and make decisions based on the best scientific evidence and expert opinion/advice;
- assess the performance of the Secretariat, and the Stakeholder Committee and Expert Groups, in accordance with the timescale set forth within the FIS governance and operations documents, and make changes were deemed appropriate, and;
- vote, in accordance with the appropriate sections of the Articles of Association, on the inclusion/appointment of new Trustees to the Board (where relevant);

In addition, it is anticipated that the Board of Trustees will also seek to:

- in concert with the Chair, determine the date, time and location of the Annual General Meeting and to assist in the shaping of the agenda;
- ensure that FIS is accurate and prompt in its reporting to the Registrar of Companies and OSCR;
- ensure that all statutory documents, including the Annual Return and Accounts, are lodged timeously, and;
- keep themselves apprised of any changes in applicable legislation.

Stakeholder Committee and Expert Groups: members must be willing to:

- agree to devote an appropriate level of time and attention to membership of the committee or expert group, including making all reasonable effort to attend scheduled meetings as well as any Board meeting at which the Trustees have requested their presence;
- act in good faith and with honesty, integrity, prudence and competence in what he or she considers to be FIS's best interests;
- avoid any conflicts of interest, but if such instances arise to make them known, in a timely fashion, to the Chair and Board of Trustees;
- furnish the Board of Trustees with expert opinion and advice regarding the innovation needs of UK seafood;
- provide recommendations to the Board on a program of projects intended to bridge the gaps in current knowledge;
- assess project proposals submitted for consideration and make recommendations as appropriate to the Board of Trustees;
- participate in monitoring of active projects as well as the evaluation process for completed projects;
- collectively ensure that accurate Minutes are taken at all meetings and that, via the Secretariat, outcomes and actions from these meetings are communicated to the Board of Trustees;

- actively forge links with relevant individuals and organisations that may facilitate the activities of FIS.

Executive Director: will be required to:

- Actively manage the day to day operation of FIS, which will include co-ordinating the activities of the Board of Trustees, and the Stakeholder Committee and Expert Groups, together with commissioning and managing a portfolio of research projects and practical innovations, prioritised and principally funded by FIS;
- On a semi-annual basis (program to be agreed by the Board) provide a detailed report on the operation of FIS to the Chair and the Board of Trustees;
- From an operational aspect, provide guidance and advice to the Board of Trustees on how best to implement the goals of FIS and the recommendations of the Stakeholder Committee and Expert Groups;
- Be closely involved in the identification of and application for new and continuing sources of funding for FIS.
- Act as the primary liaison/contact point for FIS and through this cultivate and maintain relationships with FIS stakeholders, as well as with the representatives of UK governments and funding bodies;
- Provide suggestions and recommendations to the Board of Trustees on how to optimise the administration of FIS;
- Monitor and manage the FIS accounts, operating budget and any associated resources/assets;
- Ensure that FIS is accurate and prompt in its reporting to the Registrar of Companies and OSCR;
- Ensure that all required statutory documents, including the Annual Return and Accounts, are accurately prepared and lodged timeously;
- Act as a source of leadership and offer motivation to the Secretariat;
- Ensure that all members of the Secretariat, Board and Stakeholder Committee and Expert Groups are aware of their roles and responsibilities and identify and supply any training/support deemed necessary;
- Ensure that members of the FIS Secretariat are adequately fulfilling their roles/responsibilities and where this is not the case, inform the Board in a timely fashion, and;
- Play a key role in facilitating the FIS educational remit via the organisation of training workshops, seminars and other events.

Executive Secretary: will be required to:

- Assist the Executive Director in managing the day to day operation of FIS, which will include co-ordinating the activities of the Board of Trustees, and the Stakeholder Committee and Expert Groups, together with commissioning and managing a portfolio of research projects and practical innovations, prioritised and principally funded by the organisation;
- Undertake to provide the administrative support required to underpin the efficient operation of FIS;
- Carry out all required data entry and ensure that the FIS books are accurate and up to date;

- Schedule and organise meetings in support of the FIS Executive Director, Chair and Board of Trustees;
- Prepare and circulate the agendas and draft minutes of all Board, General, and Stakeholder Committee and Expert Group meetings (including any subcommittees thereof) of FIS, as well as any other support documentation required;
- Circulate Draft Board Minutes to the Chair and Trustees for review, revision, and concurrence;
- Maintain and update FIS Governance and operational documentation as instructed by the Board, via the Executive Director;
- Prepare and/or maintain such other documentation that FIS generates;
- Process all invoices received, prepare payments for approval, and make any bank deposits required;
- Process expense claims;
- Process all incoming and outgoing mail;
- Assist the Executive Director to oversee the FIS website and its operation, including all embedded documentation, public and secure areas;
- Assist in facilitating communication both within and between the FIS Board, Stakeholder Committee and Expert Groups, and other stakeholders;
- Provide feedback to the Executive Director regarding the administrative operation of the Secretariat, where applicable, and;
- Undertake such *ad hoc* tasks as the Executive Director shall delegate.

Company Secretary:

The Board may appoint a Company Secretary for such term and upon such conditions as it may think fit. The Company Secretary may be removed by the Board at any time, subject to the terms of any prevailing contract. However, Companies House must be informed of any changes in FIS Company Secretary and/or Registered Office within 14 days of the change.

The Company Secretary (and Registered Office) for Fisheries Innovation & Sustainability is J&H Mitchell W.S. Solicitors of 51 Atholl Road, Pitlochry, Perthshire PH16 5BU.

4. Administrative Arrangements

- Directorship Registration forms (i.e. New Director's Details Form) to be sent to the FIS Secretariat.
- Directorship Resignations forms to be sent to the FIS Secretariat.

New Board members induction pack

All new Board members (Directors and Charity Trustees) are provided with an induction pack containing the following:

- New Director's Details Form
- Trustee Diligence Declaration Form
- Role of Charity Trustee
- What is a Guarantee Company
- FIS Trustee role description plus Terms of Reference
- FIS Articles of Association
- FIS Confidentiality Agreement
- FIS R&D Funding
- Minutes of the last two Board Meetings (where applicable)

It is a requirement (as part of FIS's risk management) for all new Board members to complete a FIS Trustee Diligence Declaration and to furnish the Secretariat with proof of I.D. and address.

New Board members are offered to be assigned a 'mentor' from within the sitting Board to assist the new member in acclimating to the role.

It is important that new Board members and Directors in particular are made aware of their legal responsibilities as both Directors of a Limited Company and Trustees of a Registered Charity.

Conduct and Timing of Board Meetings

The FIS Board will normally meet in spring and autumn. Autumn meetings consist of a Board meeting typically followed by the Annual General Meeting. The autumn Board meetings are normally where all decisions regarding funding are taken.

The date and venue for Board meetings are generally agreed by the Board at the previous Board meeting.

Draft agendas for meetings are circulated 2 - 4 weeks prior to the agreed meeting date.

Meeting papers are circulated a minimum of five days prior to a Board meeting. Hard copies of Board meeting papers will generally not be provided at Board meetings unless specifically requested.

Meetings are normally led by the Chair assisted by the Executive Director/Secretariat utilising a PowerPoint presentation outlining agenda items and key points for discussion. All Board meetings are minuted.

The Secretariat typically provides a detailed timed agenda and accompanying Chair's notes. The Chair's notes should provide sufficient narrative and background information to allow the Chair to

manage the meeting and to open and guide discussion. The structure and detail of the Chair's notes often provide a good template for the subsequent meeting minutes.

Spring Board Meeting

The main purpose of the Spring Board meeting is to agree the business of FIS for the year ahead and, in particular, the priority areas in which FIS should seek to commission projects. This may involve a standardised research requirement prioritisation proforma circulated approximately 8 weeks before to each member's Authorised Representative along with a request that they should consult within their respective organisations and provide a rational list of research priorities/requirements within four weeks. Upon receipt of these the Stakeholder Committee will meet to discuss and formulate recommendations based on the requirements. The Stakeholder Committee will also have discussed their own research priorities. The Secretariat then compiles both the submitted members research priorities/requirements and the Stakeholder Committee/Expert Groups recommendations which form the basis for discussion at the Board meeting. The Board is charged with deciding which priority areas it would like to commission projects, reflecting upon the recommendations and available resources. In practice, the Board discusses the priorities and then charges the Chair and the Secretariat with compiling a more formal list of research requirements based on the Board's discussions. The draft list of research requirements is then circulated to the Board for comment and approval.

The Annual General Meeting

The Annual General Meeting (AGM) is a legal requirement and must be publicly notified on the FIS website at least 21 days before the date of the meeting. No more than 15 months should elapse between the holding of one AGM and the next. It is not a requirement that the AGM be held exclusively in one place provided that, when two or more members (Authorised Representatives or Named Deputies) are not in a single location, they are able to communicate and vote.

The primary purpose of the AGM is for the membership to formally agree the company accounts and the annual (Trustees) report. The (re)appointment of the Chair, Executive Director and the Secretariat is also confirmed at the AGM. The Executive Director informally canvasses the views of the Board regarding the reappointment of the Chair prior to the meeting to ensure that this process runs smoothly. With regard to the process of performance review of the Executive Director and Secretariat, refer to the section on Contracts (Executive Director and Secretariat) under Financial Management.

The Chair and two FIS Directors are required to sign the accounts. Directors are usually nominated and agree to undertake this responsibility on behalf of the Board before the AGM, but formally sign the accounts after the Board has accepted them.

At a minimum the agenda of the AGM will comprise the following items:

- Report by the Chair on the activities of FIS
- Election of Trustees (where relevant)
- The (re)appointment of the Chair
- The (re)appointment of the Executive Director and Secretariat (where relevant)
- Fixing of the annual subscription
- Report of the independent financial examiner
- Receipt of the FIS annual accounts
- The appointment of the auditor/independent financial examiner (for the coming year).

General Meetings will be presided over by the Chair of the Board of Trustees (with the exception of the portion of the AGM devoted to discussion of the (re)appointment of the Chair, where he or she may be asked to exit the meeting, during which time the appointed Vice-Chair will act as Chair). If neither the Chair nor the Vice-Chair is present and willing to act as chair within 15 minutes after the appointed start time, the Trustees present shall elect from among themselves a Trustee who will act as chair of that meeting.

The quorum for a General Meeting shall be the greater of (a) three members or (b) 10% of the members, via their Authorised Representatives or Named Deputies, acting as proxy. If within 15 minutes after the appointed start time a quorum is not present, or if at any time during a General Meeting there ceases to be a quorum, then the meeting shall stand adjourned to such time and place as may be fixed by the chair of the meeting.

Each member is able to attend and speak at any General Meeting and shall have one vote, to be exercised via its Authorised Representative or Named Depute. The Chair shall endeavour wherever possible to achieve a consensus but, if necessary, any questions arising shall be decided by being put to a vote. In the event of a tied vote, the Chair retains the casting vote. Any resolution put to a vote during a General Meeting may be decided verbally or by show of hands. However, voting via secret ballot may be utilised when requested by the Chair or two or more members. Resolutions may also be passed in writing under the conditions described in Article 6.11. Whilst personal attendance at General Meetings is encouraged, a member shall be entitled to appoint a proxy under the stipulations of Article 6.8.

The Chair may permit any person or persons to attend who otherwise would have no right to do so, as an observer/s. In such an event, it shall be at the discretion of the Chair whether any such observer may be invited to address the members.

A separate minute is produced for the AGM.

Autumn Board Meeting

The Autumn Board meeting is generally used for the assessment of proposals and funding decisions.

Extraordinary General Meetings

An EGM may be convened by three or more Elected Trustees whenever they believe fit, via submission of a valid requisition. In order to be valid such a requisition must clearly state the objective/s of the meeting, be deposited with the organisation (Secretariat) and signed by at least 10% (or 5% if more than 12 months have elapsed since the last General Meeting) of the FIS membership. Upon receipt of a valid requisition the Board must convene an EGM within 28 days.

Ad hoc Board Meetings

From time to time the FIS Board may convene Board meetings or less formal meetings to discuss the business of FIS. These meetings are usually arranged by the Secretariat on request.

Ad hoc Groups

The FIS Chair or the Board may establish task-based subgroups with an agreed membership, remit, scope and reporting timescale. It is usual for the membership, remit and scope of a group to be specified and agreed by the Board – including a timescale for the group to conduct its work. The Secretariat will typically be responsible for drafting such material.

Decision making

The FIS Board of Trustees refer to a FIS 'decision tree' to support their decision-making and also to improve transparency and accountability on FIS decision-making. This tool and other procedures to improve the effectiveness of FIS work are explained in Annex 1 of this document.

In the absence of a clear consensus in taking a decision, the Chair may request that a vote is taken via a show of hands.

Each Board member is eligible to vote on specific issues. Alternates are permitted to vote in place of their respective Trustees, but where Alternates and Trustees are both present only the Trustee is eligible to vote. The Chair retains a casting vote. A simple majority is sufficient to carry a vote.

At least half the Board (i.e. Elected Trustees or Alternates) must be present (i.e. a quorum, as defined under Article 12.1) or be in a position to contribute to the decision making process for any decision to be considered acceptable. No business may be dealt with at a Board meeting if a quorum is not present.

The Board may take decisions remotely by electronic means where appropriate. Where specified, no response from a Board member can be accepted as ascent.

Conflicts of Interest

With regard to definition of the term; a conflict of interest can be said to have arisen in any situation where a duly appointed representative finds themselves in a position where they may exploit their relationship/standing within an organisation (for which they have an obligation and absolute duty to act for the benefit of) for personal gain, typically pecuniary.

FIS does not maintain a Register of Members interests, however, at any time the Board may resolve to require all Trustees to deliver a Notice of Relevant Interests to the Secretariat. Ultimately it is the responsibility of the individual Trustee to both identify and inform the Board of any conflicts of interest, whether real or perceived, relating to their dealings with FIS. Consequently, at the start of each Board meeting, Trustees will be obliged by the Chair to declare any interest (as defined within the Articles) before an agenda item or a specified subject is to be discussed. This process must be recorded in the minutes of the meeting.

If any such interest is declared it will be at the discretion of the Chair as to whether the individual/s in question should be excluded from the discussion. Such exclusion may include a requirement for the Trustee/s to leave the meeting room while the agenda item/subject in question is discussed by the remaining Board members. As stated in Article 12.1, where a Trustee leaves, or is required to leave, the meeting, they will no longer form part of the quorum thereat. However, the quorum at a given meeting may at any time resolve (but without taking a specific vote) to authorise any Trustee to continue acting where a real or potential conflict of interest exists, provided that it perceives that the interests of FIS have not been, nor are likely to be, prejudiced as a result. With regard to the aforementioned resolution, the Trustee in question will not be regarded as part of the quorum.

While the range of potential conflicts may be diverse, they all require a situation to arise where a Trustee may benefit (intentionally or otherwise) from a decision made by the FIS Board. Some basic examples are outlined below;

- Direct financial gain – FIS awards a contract to a business the Trustee owns, or is a partner or significant shareholder in.

- Indirect financial gain – FIS awards a contract to a business owned by the Trustee’s partner, a close family member, business associate or the organisation responsible for his or her appointment as a Trustee.
- Non-financial gain – occurs if a Trustee becomes a direct end user of FIS services.

5. General Policies

The credibility of FIS as an organisation is founded on the trust of its Members and stakeholders. FIS's role is to provide robust, impartial and objective evidence to be used as the basis for improving understanding, recommendation, and decision making. As far as possible, FIS endeavours to make its processes and practices transparent.

The core funding for FIS is provided by its Members. Additional funding is provided by co-sponsors and other project partners. Contributions may be in cash and in-kind. Not all FIS Members contribute equal funds to FIS, but the funding provided is treated as a common pot, with all Members having equal rights in deciding how these resources should be allocated. The general consensus is that all sectors and Members will benefit proportionately over time.

Corporate Risk Register

FIS maintains a corporate risk register which is revisited from time to time or with respect to specific operational requirements. The Board should be required to reassess the provisions of the corporate risk register periodically to ensure that they are reminded of its content and status.

Confidentiality Agreement

The following are required to agree to the provisions of the FIS Confidentiality Agreement before they take part in FIS business:

- Members of the Board of Trustees and the Stakeholder Committee and Expert Groups.
- External assessors of proposals and referees of all reports.
- Contractors who may require access to FIS files or data.

Board Members and members of the Stakeholder Committee and Expert Groups are requested to provide a signed copy of the Confidentiality Agreement which is retained on file by the Secretariat. A default Confidentiality Agreement is used in electronic communications with external assessors and referees.

Whistleblowing

Notwithstanding the requirement of the FIS Confidentiality Agreement, FIS seeks to have an 'Open Door Policy' and therefore encourages Board Members, stakeholders and contractors to share their questions, concerns, suggestions or complaints regarding the organisation and its operations with an individual who can address them properly, and to use the FIS Complaints Procedure as referred to below.

Anti-Bribery Policy

It is the policy of FIS to conduct business in an honest and ethical manner. As part of that, FIS takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships, wherever it operates, and implementing and enforcing effective systems to counter bribery.

FIS will uphold all laws relevant to countering bribery and corruption in Scotland and the UK, including the UK Bribery Act 2010 which defines the following: a bribe is an inducement or reward offered, promised or provided in order to improperly gain any commercial, contractual, regulatory or personal

advantage, which may constitute an offence under the Act, including giving or offering a bribe, or receiving or requesting a bribe.

This policy applies to all individuals working for or on behalf of the FIS, whether permanent, fixed-term or temporary, and including Trustees, members, consultants, contractors, sponsors, advisors, and any other person who performs services for or on behalf of FIS. This [policy also applies to any Third Party in contact with FIS during the course of FIS work, and includes actual and potential clients, intermediaries, referrers of work, suppliers, distributors, business contacts, agents, advisers, government and public bodies (including their advisers, representatives and officials), politicians and political parties.

This policy will be reviewed as part of the annual review of FIS governance documentation.

Anti-Fraud Policy

It is the policy of FIS to ensure that its financial and administrative processes are carried out and reported honestly, accurately, transparently and accountably and that all decisions are taken objectively and free of personal interest.

FIS will uphold all laws in Scotland and the UK relevant to countering fraud, theft, misuse of equipment and abuse of position, these terms are defined as follows:

- **Fraud:** A deliberate intent to acquire money or goods dishonestly through the falsification of records or documents. The deliberate changing of financial statements or other records. The criminal act is the attempt to deceive and attempted fraud is therefore treated as seriously as accomplished fraud.
- **Theft:** Dishonestly acquiring, using or disposing of physical or intellectual property belonging to FIS.
- **Misuse of equipment:** Deliberately misusing materials or equipment belonging to the organisation for financial or material benefit.
- **Abuse of position:** Exploiting a position of trust within the organisation for financial or material benefit.

This policy applies to all individuals working for or on behalf of the FIS, whether permanent, fixed-term or temporary, and including Trustees, members, consultants, contractors, sponsors, advisors, and any other person who performs services for or on behalf of FIS. This policy also applies to any Third Party in contact with FIS during the course of FIS work, and includes actual and potential clients, intermediaries, suppliers, distributors, business contacts, agents, advisers, government and public bodies (including their advisers, representatives and officials), politicians and political parties. This policy will be reviewed as part of the annual review of FIS governance documentation.

Equality, Diversity and Inclusion Policy

FIS has a policy of equality of opportunity. We aim to promote equal opportunity policies whereby no one suffers unfair discrimination either directly or indirectly, or harassment, on grounds such as race, colour, ethnic or national origin, sex, gender identity, marital status, disability, sexual orientation, religious beliefs or age. We positively welcome members, advisers, assessors, applicants and supporters from all backgrounds. All partnership opportunities are offered on merit following a fair and open competition.

Anyone internal or external to FIS with a complaint or concern relating to equality, diversity or inclusion should report it immediately through the FIS Complaints Procedure as referred to below. This policy will be reviewed as part of the annual review of FIS governance documentation.

Safeguarding Policy

FIS believes that everyone, regardless of age, gender identity, disability, sexual orientation or ethnic origin has the right to be protected from all forms of harm, abuse, neglect and exploitation. FIS will not tolerate abuse and exploitation by staff, members or any associated personnel. FIS is committed to all areas of safeguarding, including child safeguarding, adult safeguarding, and protection from sexual exploitation and abuse. Anyone internal or external to FIS with a complaint or concern relating to safeguarding should report it immediately through the FIS Complaints Procedure as referred to below. This policy will be reviewed as part of the annual review of FIS governance documentation.

Freedom of Information

As a charity, FIS is, in principle, not bound by the provisions of the Freedom of Information Act. However, as much of FIS funding is derived from public sources and some of Board Members are employed as public servants, there is a general acceptance of the need to operate within the spirit of the Act. It is important to ensure that FIS's practices and protocols are transparent and that all relevant information is publicly available either through the FIS website or upon written request.

Data Protection

FIS has made provisions under the Data Protection Act 1998. The information collected by FIS on application forms is stored electronically and used to process applications for a research contract with FIS. It may be sent to any part of the FIS organisation, or to individual researchers or organisations outside FIS for the purpose of assessing or reviewing the application.

We may disclose the information to any outside organisation acting as an agent authorised by FIS to process research applications on behalf of FIS. If the proposal is accepted for funding, the information may be sent to any part of FIS, or to individual researchers or organisations outside FIS for the purposes of reviewing the project and the information (excluding any CVs) and may be placed on the FIS website to inform the public about FIS's research. Address details may be held on a database and used by FIS to communicate information to our research contractors.

Information (including personal data) may be released on request, including requests made under the Environmental Information Regulations, the Code of Practice on Access to Government Information, the Freedom of Information Act 2000 and the Freedom of Information (Scotland) Act 2002.

Data Security

The policy of the FIS Secretariat is to minimise the use of paper. The majority of FIS's business is conducted electronically. All computers utilised by the FIS Secretariat have up to date firewall and virus-checking software installed and are password protected. Electronic records are stored on mirrored hard drives within the FIS office and these files are backed up daily to a secure online archive. Paper records are stored in lockable filing cabinets within the FIS Office, any confidential paper waste generated is shredded.

Complaints Procedure

FIS regards complaints as an opportunity to learn and improve for the future, as well as the chance to put things right for the complainant. FIS's approach and standard operating procedure with regard to dealing with complaints is clearly outlined within the FIS Complaints Procedure, below, which is promoted on the FIS website.

FIS COMPLAINTS PROCEDURE

- You can make a complaint to FIS about any of its operations, communications or projects.
- You can make a complaint by email or letter to the FIS Executive Director. All contact details are listed below.
- If the complaint is about the FIS Executive Director, please direct it to the FIS Secretariat. All contact details are listed below.
- All complaints received by FIS will be copied to the Chair of the FIS Board of Trustees.
- The complaint will be logged on to a complaints register, and an acknowledgement will be issued to you within 5 working days.
- The facts will be gathered by the FIS Executive Director, or the FIS Secretariat, as appropriate. A response will be prepared and issued within 14 days.
- If the complaint is complicated in nature and the facts are likely to be time consuming to collate, or if the complaint involves the FIS Secretariat and so requires investigation by an external person or organisation, a revised response timescale will be given.
- If the complainant is not happy with the response received, then the facts will be passed to the FIS Board of Trustees for consideration and final response.
- FIS will consider if any improvements in its working practices and systems are required, and implement as necessary.
- Complaints can be made by email to the Executive Director at execdir@fiscot.org
- Complaints can be made by email to the FIS Secretariat at s.gray@fiscot.org
- Complaints can be made by letter to either the FIS Executive Director or to the FIS Secretariat at FIS Secretariat, PO Box 7223, Pitlochry, Perthshire. PH16 9AF

Publicity

As part of its educational role, FIS endeavours to publicise the findings of its research directly and indirectly to appropriate target audiences. With the agreement of the FIS Board, FIS Member organisations are also at liberty to use and publicise the findings of FIS projects as they see fit.

The responsibilities for contractors with respect to any publicity related to a FIS project are formally articulated in the Standard Terms and Conditions of the FIS contract.

It is important to recognise that the FIS is not a campaigning organisation. Its role is to provide impartial and objective applied research outputs which may help to inform policy, regulation and other decision making.

FIS is committed to providing full, fair and accurate disclosure in all public communications and in compliance with all applicable law, regulations and rules. Consistent with this commitment, individuals associated with FIS may not answer questions related to the operation of FIS from the media, or any other member of the public, unless specifically authorised to do so by the Board of Trustees.

Insurance

As an independent company, FIS retains insurance provision to protect the interests of Board members as well as the Chair and the Secretariat.

Details: Charities Insurance Portfolio – includes Professional and Legal Liability together with Trustees and Individual Liability. Provided by Hiscox Underwriting Limited, 1 Great St. Helens, London, EC3A 6HX, United Kingdom.

Current Policy Number: **PL-PSC04009155778/01**

Contact: 0800 042 0327

Legal Advice

The FIS Company Secretary is also a Solicitor with specialist knowledge of Scottish Charity Law. As a sponsor of projects which may be commercially and politically sensitive, FIS must maintain a robust legal position. If the Secretariat is in any doubt about the legal status of a decision or action, this should, in the first instance be discussed with the Chair. If further legal advice is deemed necessary, this should be undertaken by email with the FIS Company Secretary. In the event that wording or clause changes are required, the Secretariat will normally undertake to draft this material and then seek formal legal comment from the FIS Company Secretary.

FIS maintains indemnity insurance which includes provision for legal expenses, should a more substantive legal case be necessary.

6. Financial Management

Division of fiscal and accounting responsibilities

Board of Trustees:

- Reviews and approves the annual budget.
- Reviews and approves all contracts/budgeted expenditure.
- Reviews and approves all non-budgeted expenditure over £3,000 (or the Chairman of the Board if so designated by the Board).
- Reviews annual and periodic financial statements and information.
- Reviews Executive Director performance annually and monitors/modifies contract parameters.
- Reviews and advises Executive Director and Secretariat on internal controls and accounting policies and procedures.
- Selects the FIS independent financial examiner/auditor.

Executive Director:

- Reviews and approves all financial reports including cash flow projections.
- Sees that an appropriate budget is developed annually for review and approval by the Board.
- Reviews, approves and authorises all bank payments.
- Reviews and approves all non-budgeted expenditure under £3,000.
- Reviews and approves all grant submissions.
- Monitors the management of the Chart of Accounts, General Ledger and Project Master Spread Sheet.
- Approves and processes FIS inter-account bank transfers.
- Acts as signatory for FIS bank account/s.
- Oversees the adherence to all internal controls.
- Monitors program budgets.
- Reviews and manages cash flow.
- Monitors and manages all expenses to ensure the most effective use of FIS assets.
- Monitors grant reporting and appropriate release of temporarily restricted funds.
- Oversees expense allocations.
- Reviews all financial reports.

Secretariat:

Overall responsibility for data entry (including financial/accounting data for submission to FIS accountants)

- Processes invoices and prepares bank payments.
- Makes any bank deposits.

- Maintains the Chart of Accounts, General Ledger and Project Master Spread Sheet.
- Manages Accounts Payable/Receivable.

Accounts and accounting procedures

In the first instance FIS's banking account/s shall be held by the Royal Bank of Scotland (RBS). Subsequent to this the Board shall, from time to time, determine which bank or building society and/or banks or building societies FIS will maintain its banking account/s with.

FIS's banking account/s shall be listed in the Chart of Accounts, which is monitored and maintained by the Secretariat, under the direction of the Executive Director. FIS's General Ledger will take the form of an electronic spread sheet containing data on member contributions, accounts payable, cash management, fixed assets, purchasing, expenses and project funding. The Secretariat (Executive Secretary) will be responsible for maintenance (data inputting and balancing) of FIS's General Ledger, under the supervision of the Executive Director. The Executive Secretary will also ensure that weekly backups of the Chart of Accounts, General Ledger and Project Master Spread Sheet are undertaken.

Chart of Accounts – an electronic list of FIS's banking account/s.

General Ledger – spread sheet containing current data on member contributions, accounts Payable/Receivable, cash management, fixed assets, purchasing, expenses and project funding.

Project Master Spread Sheet – contains comprehensive details on all past and current FIS funded research projects, including a breakdown of funding.

Bank Account Reconciliation

FIS's operating financial records (invoices, receipts, expense claims, account statements, deposit slips, etc.) are maintained in an orderly fashion and collated in the General Ledger by the Secretariat under the supervision of the Executive Director.

NOTE: FIS's financial records are open to inspection by the Trustees and accounting procedures may be altered, at any time, at the Boards discretion.

At least once in every year, or as otherwise provided for by the Companies Act, the accounts of FIS shall be examined by an independent financial examiner or auditor, who shall be appointed by the Board on the direction of members during the General Meeting.

At or before each AGM, or otherwise after the accounts have been approved by the Board, FIS (i.e. the Secretariat on behalf of the Board) shall provide members with a copy of the accounts for the period since the last preceding accounting reference date (or in the case of the first account since the incorporation of FIS). These accounts shall be accompanied by proper reports of the Board and the independent financial examiner. As an alternative, the accounts may be made available for inspection on FIS's website (with all members, Trustees, the Company Secretary and the independent financial examiner being made aware that they are so available for inspection there).

Inter-account transfers

The Executive Secretary is responsible for day to day monitoring of the balance/s in FIS's bank account/s to determine when there is a shortage or excess in funds. When a shortage or excess becomes apparent the Executive Secretary informs the Executive Director who then instigates an appropriate transfer of funds. This process thereby allows for the maximising of potential interest earned by FIS's funds.

Payments received

Payments may arise from: contracts and grants; direct member contributions, or other fundraising activities. The principal steps in processing any payments received are:

Electronic Payments: Upon receipt of any given months' account statement/s, the Secretariat as part of the monthly bank reconciliation process will record the details (date, contributor and amount) of all BACS payments received into the General Ledger.

NOTE: It is not anticipated that FIS will receive any donations/funding contributions in form of cash money.

Payments issued

All payments issued by FIS will require authorisation by a minimum of two nominated individuals. Budgeted (i.e. contracted) expenditure and any non-budgeted expenditure under £3,000, may be authorised by the Executive Director.

It is anticipated that at any given time the Company Secretary, the Executive Director, one member of the Secretariat. All payments issued by FIS are recorded in the 'Accounts Payable' section of the General Ledger by the Secretariat.

Expenses

Trustees, the Chair, members of the Stakeholder Committee and Expert Groups, the Executive Director, members of the Secretariat, as well as any individual invited to attend/speak at a Board or General Meeting by the Board or Chair are eligible to claim for the reimbursement of any out-of-pocket expenses incurred through the undertaking of FIS business. These include, but are not necessarily limited to, travel to and from meetings, overnight accommodation, subsistence, postage, telephone calls and broadband time.

All expense claims require the submission of a completed claim form along with invoices or receipts. Expense claims are submitted to and are verified by the Secretariat. Expense payments are issued at the end of each calendar month via BACS with the details (i.e. recipient, amount, description and account drawn from) recorded in the General Ledger by the Executive Secretary.

All claim forms, invoices and receipts must have the appropriate account code and payment date written on them and be marked 'Paid' where appropriate. Hardcopies are retained on file for review by the FIS accountants and auditors.

Travel – a ticket or receipt displaying the date, cost and if possible the destination of travel must accompany all claims for the reimbursement of travel expenses. In the event of private vehicle use, the appropriate mileage must be noted and will be reimbursed at the standard rate of £0.50 per mile. When on FIS business, every effort should be made by all to utilise public transport wherever appropriate and practicable.

Accommodation and Subsistence – in order to claim reimbursement dated receipts displaying accommodation charges as well as the cost of food and beverages should be provided. Where any FIS group entertainment occurs the names of every person for whom food and/or beverage was provided and the specific business purpose should also be included.

Other reasonable expenditures – a receipt from the vendor is required detailing all goods or services purchased and the specific business purpose.

Accruals

To ensure a timely close of the General Ledger, FIS may book accrual entries. Some accruals will be made as recurring entries. Accruals to consider:

- Monthly interest earned on FIS accounts.
- Recurring expenses; including, prepaid indemnity insurance, depreciation of equipment, taxes, office overheads, etc.

End of Year Financial Reporting

FIS's accountants [Johnston Carmichael Chartered Accountants, 66 Tay Street, Perth. PH2 8RA] prepare the annual financial report in line with the charity's Memorandum and Articles of Association, the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 (as amended) and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), for review and agreement by the Board of Trustees at the AGM.

Audit

At least once in every year, or as otherwise provided for by the Companies Act, the accounts of FIS shall be examined by an independent financial examiner or auditor, who shall be appointed by the Board on the direction of members in the Annual General Meeting.

Internal (project) Auditing procedures

As part of FIS's responsibility to its various sponsors and in line with the standard terms and conditions of the FIS R&D contract, it has in place audit procedures for both the technical and financial conduct of the projects it supports. The procedures for the financial audit of projects are:

- On an annual basis, at least 5% of projects may be subject to either compliance or final audit with respect to the eligible costs of contracted research.
- Projects will be chosen for audit on the basis of financial risk to FIS – this does not preclude low budget projects, but suggests the emphasis will be on larger projects and projects where there may be cause for concern.
- Audit will usually be conducted at the same time as the annual/interim or final monitoring takes place, but FIS reserves the right to audit project finances at any stage during the conduct of a project and for up to three years after the project has ended.
- The audit process will be discretionary, proportionate to the financial risk and will consist of a series of "tests" (outlined in the following section) to ensure that proper accounting procedures are in place with respect to claims related to staff time, travel & subsistence, consumables, capital expenditure, subcontracting arrangements, etc.

- The main purpose of the audit will be to encourage good practice with respect to the accountable allocation of resources to projects and to ensure that FIS is achieving value for money from commissioned research.
- Audit will generally be conducted by a suitably qualified member of the Secretariat (Executive Secretary) with the provision for advice as required from the Company Auditor.

Outline Audit Procedure

From the approved budget for the project:

- Test that the costs claimed are within the approved budget.
- Test that the costs are actual costs incurred and not budgeted or projected amounts.
- Test that the costs conform to the contract.
- Ascertain that the cost has been given consistent accounting treatment within and between accounting periods. Consistency in accounting requires that costs incurred for the same purpose, in like circumstances, be treated as either direct costs only or indirect costs only with respect to final cost objectives.
- Test on a sample basis that the cost charged is a net cost, i.e. all applicable credits, volume or cash discounts, refunds, etc., have been subtracted.
- Examine on a sample basis the underlying documentation, (e.g., time and attendance payroll records, time and effort records for employees charged to more than one activity, approved purchase orders, vendor invoices, cancelled cheques, etc.) and determine that the cost is correctly charged as to project, account, amount and period.
- For wages, salaries and fringe benefits test on a sample basis that the employee's total compensation is consistent with established company practices for that category of employee.

Documentation Required for Audit Procedure

The Contractor in question will be notified in writing of the audit (by the Secretariat) and requested to provide the following within an agreed timescale;

- Suppliers invoices.
- Any applicable subcontracting and/or leasing agreements.
- Working papers to demonstrate how the claim was compiled and how costs were apportioned.
- Written evidence of all match funding.
- Payroll information.
- Access to any further information/evidence reasonably requested by the auditor.

Actions and feedback to contractor

The auditor will, based on the documentation provided, compile a brief report summarising the scope of the audit and highlighting any discrepancies. This report will be returned to the contractor and copied to the chair of the FIS Board of Trustees. Any further action will be subject to the agreement of the Board.

Relevant summarised Clauses from the FIS standard R&D contract (re payment arrangements) and National Audit Act:

- The Contractor shall provide to FIS and the Co-funders an accurate statement, (invoice) signed on behalf of the Contractor's Finance Department, of the Eligible Costs properly incurred by the Contractor in carrying out the Project during the relevant period, this statement to show separately, the costs to be met by FIS and the Co-funders. These statements shall be submitted quarterly in arrears to FIS starting from the Date of Commencement.
- Within 30 days of receiving an invoice satisfactory to FIS and the Co-funders, FIS and the Co-funders shall pay to the Contractor the amount of the Eligible Costs which FIS and the Co-funders reasonably consider to have been properly incurred by the Contractor in the carrying out of the Project during the relevant period.
- In the event that no such statement satisfactory to FIS and the Co-funders is provided within the time specified in section 3.1 [*Appendix B - Pricing Schedule. FIS standard R&D contract*] neither FIS nor the Co-funders shall be under any obligation to make the relevant payment until 30 days after the date on which a statement satisfactory to FIS and the Co-funders is received by each.
- The final quarter's payment will be made within 35 working days of receipt of a final report satisfactory to FIS, in accordance with section 6 [*of Appendix C - Reporting Schedule. FIS standard R&D contract*].
- FIS and the Co-funders are liable to the Contractor only for their respective proportion of each payment, as identified in paragraph 2 above. FIS and the Co-funders are not jointly or severally liable to the Contractor in respect of any payment to be made under the Agreement.
- Where the Contractor is VAT registered, it shall provide to FIS and to the Co-funders a VAT invoice in respect of the amounts of each of their respective payments.

National Audit Act:

- For a period not less than 3 years after the completion of the Project or, where relevant, its termination, the Contractor shall retain in its possession all records and documentation relating to the Project unless they have been transferred to FIS or a third party in accordance with Condition 11.2 [*of Appendix F – Terms and Conditions. FIS standard R&D contract*]
- FIS may require the Contractor to permit the Company Secretary and a designated accountant to examine such documents as the Company Secretary may reasonably require for the purposes of the National Audit Act 1983 which are in the possession, custody or control of the Contractor and FIS may require the Contractor to produce such oral and/or written explanations as may reasonably be required.
- This condition does not constitute a requirement or agreement for the examination, certification or inspection of the accounts of the Contractor under section 6(3)(d) and 6(5) of the National Audit Act 1983.

Taxation

FIS enjoys charitable status and is therefore potentially exempt from taxation in respect of most income under Part 11 Chapter 3 of the Corporation Tax Act 2010 and in respect of capital gains under

Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that they are applied for its charitable purposes.

Fiscal Policy Statements

- All cash accounts (except petty cash) owned by FIS will be held in financial institutions which are covered by the Financial Services Compensation Scheme (FSCS).
- All capital expenditures which exceed five hundred pounds (£500) will be capitalised.
- No payment advances will be made under any circumstances.
- No travel cash advances will be made except under special conditions and pre-approved by the Executive Director.
- Reimbursements will be paid upon complete expense reporting and approval using the official FIS Claims form. Expenses for major costs must be approved by the FIS Chair in writing.
- All volunteer time, including within FIS projects, shall be recorded as in-kind contributions.
- Bank statements will be reconciled monthly.
- Accounting and personnel hardcopy records will be kept in locked file cabinets in the FIS office and only parties with financial and/or HR responsibility will have access to the keys.

Contracts (Executive Director and Secretariat)

The Board has discretion regarding the review of contracts between FIS and the individuals/organisations providing Executive Director and Secretariat services. Prior to the AGM the Board will review and informally discuss the performance of the Executive Director and Secretariat before forwarding their recommendations to the Chair. Their (re)appointment (along with that of the Chair) will be discussed and officially confirmed during the AGM (the Executive Director and any members of the Secretariat present at the AGM will be asked to exit the meeting while this part of proceedings is undertaken).

Property and Equipment (FIS Tangible Fixed Assets)

As part of the provision of Secretariat services, the organisation/self-employed individuals contracted are obligated to supply and maintain administrative capacity (including physical facilities) adequate for the effective operation of the FIS Secretariat. As a consequence, FIS will not purchase and maintain any of the physical infrastructure necessary to facilitate the operation of the Secretariat.

ANNEX 1: Procedures to improve impact of FIS work

For FIS activity assessment criteria and decision making tools, refer to [What makes a FIS project? - Fisheries Innovation Scotland \(fiscot.org\)](https://www.fiscot.org/)

What does Innovation mean to FIS?

- Innovation means doing things differently and better – it can be either brand new developments or enhancement of existing practices.
- Innovation is finding a new way to do things - finding systems from different places or industries and applying them to UK seafood.
- Innovation doesn't have to be entirely 'new', but 'new to us'.
- Innovation can be a new way of working, trying new kit, making a technical change, finding a new route to market, improving existing practices, sharing information, innovative policy / management measures or changing mindsets.
- Innovation needs stakeholder expertise and peer review built in from the start.
- Innovation is about taking risks – it sounds crazy, but it just might work!

FIS Pathway to Impact

FIS champions innovation to make the greatest positive change for the UK seafood industry and the people driving it. The knowledge generated by FIS projects must not only be disseminated but also utilised to make a positive impact. This requirement for FIS projects to generate impact is embedded in all FIS activity. Successful project partners must set out tangible steps that they will follow in order to both maximise and measure the impact of their project.

To do this, each FIS project must clearly identify its beneficiaries, activities, engagement and deliverables. In FIS application forms and project agreements, partners are asked to explain how the project work is meaningful, timely and useful to FIS stakeholders by summarising:

- what the impact of the project deliverables could be on industry, policy or other sectors, and how the project team will engage with each group to ground truth this understanding.
- who might benefit or lose out from this impact, and what will be done to engage with these stakeholders and involve them right from the project planning stages.
- how the knowledge will be used, rather than how it will be disseminated, and how potential benefits will be maximised.
- what financial costs there would be for stakeholders to utilise or embed this knowledge and how these costs could be met.
- where the project sits on the Technology Readiness Levels Tool, if relevant, and how progression will be made.
- how success will be measured, including completion of the FIS project logic model.

FIS Logic Models

A logic model gives a structure to assess the progression from aim and objectives through to impact. A logic model for FIS [as an organisation](#) asks:

- What does FIS intend to achieve (aim and objectives)
- What does FIS invest (inputs)

- What does the FIS investment pay for and who does it reach (outputs)
- What new learning has FIS generated (short-term outcomes)
- Has the learning led to action (medium-term outcomes)
- What impact has FIS had on the UK seafood industry (impacts)

Aim and objectives	Inputs	Outputs		Outcomes – Impact		
	What we invest	Activities	Participation	Short-term	Medium-term	Long-term
		What we do	Who we reach	What the immediate results are	What the medium-term results are	What the impact is
	Staff Board & advisor time Stakeholder advice Money	Governance meetings Outreach & Networking Commission research & <u>publish</u> Exchange projects Promotion through media & conference	Board members & advisors Fishers, reps & managers, NGOs, supply chain Fisheries Science & Research community Widest audience & attendees	Knowledge Evidence Publication Presentation Improved understanding between stakeholders Changing opinions & attitudes	Further research Fisheries management change Industry change	More sustainable fishing industry

FIS project partners are asked to complete a logic model for each FIS project, which asks:

- What did the FIS project intend to achieve (aim and objectives)
- What was invested by FIS, the project team and stakeholders (inputs)
- What did the investment pay for and who did the project reach (outputs)
- What new learning was generated (short-term outcomes)
- Has the learning led to action (medium-term outcomes)
- What impact has the action had on the UK seafood industry (impacts)

Aim and objectives	Project Inputs	Project Outputs		Project Outcomes & Impact		
	What FIS and project partners invest	Activities	Participation	Short-term	Medium-term	Long-term
		What we do	Who we reach	What the immediate results are (learning)	What the medium-term results are (action)	What the impact is (change in condition)

Fisheries Innovation & Sustainability is a coalition of experts driving strategic innovation for a prosperous and sustainable UK seafood industry. Our remit is to facilitate, coordinate and leverage investment for innovation in UK seafood.

Our Member Organisations include:



EST. 1884



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